





## EUROPEAN NEWS

## How Yugoslavia is trying to close its north-south gap

BY ANTHONY ROBINSON, EAST EUROPEAN CORRESPONDENT

CONFIDENCE THAT the 35-year experience of living together in a federal socialist Yugoslavia has created a new society, strong enough to outlive its founder, has grown steadily over the three months of President Tito's illness. The collective leadership system has swung smoothly into action, and its leading members have been speaking with a new sense of authority.

The signature of a five-year agreement with the European Economic Community, coupled with evidence of a stronger determination to limit inflation, increase exports and depreciate the dinar to a competitive level have raised realistic hopes of more stable economic growth.

What is more, the Soviet intervention in Afghanistan has not only vindicated Yugoslavia's opposition to the Cuban theory that the Soviet Union is the "natural ally" of the non-aligned movement, it has also probably reduced the chances of future Soviet military intervention in Yugoslav affairs.

But a discordant note was struck last month, with the arrest and commitment for trial of some 50 alleged Albanian nationalists in the predominantly Albanian-speaking autonomous province of Kosovo, in Yugoslavia's "deep south." They are accused of spreading anti-government propaganda among the young, and of advocating "irredentist" views—union with Albania.

The decision to act fast and publicly reflects, in part at least, the Yugoslav authorities' desire to show they will tolerate no manifestation of potentially divisive nationalism.

Such vigilance reflects awareness of Yugoslavia's turbulent past, and a desire to quash any resurgence, however minor, of the national, ethnic and religious extremism which split the country only a generation ago. This past is still very real to the present generation of political leaders. It seems very distant indeed to most visitors to contemporary Yugoslavia, and indeed to most of the new generation of under-35s who make up over 80 per cent of the population.

The creation of a federal state guaranteeing the rights of self-expression and equality for Yugoslavia's 18 ethnic groups, and devolving political power to the regions, has defused many tensions. But the political achievements of Titoism, reinforced by two decades of rapid economic growth, have not blinded Yugoslavs to the fact that their country is still a very heterogeneous place, which has to live with enormous economic as well as cultural, linguistic, religious and ethnic differences.

The essence of the Yugoslav solution has been the devolution of powers to the republics and the provinces, coupled with an all-Yugoslav commitment to reduce the huge economic

differences through a special regional development fund. The goals have been set realistically low.

The development planners are aiming not to equalise standards of living in areas with such enormous cultural and historical differences, but gradually to reduce the gap by stimulating economic growth above the national average in the poorer regions.

The desire to limit large-scale internal migration is one factor in Yugoslavia's "north/south strategy."

Yugoslavia has over 750,000 unemployed, while Slovenia and parts of Croatia suffer from labour shortages. But the shortages are mainly of skilled workers and technicians, many of whom have been attracted abroad by higher salaries. What the Yugoslav authorities have tried to prevent is the enormous social problem which accompanied, for example, the un-planned migration of millions of Italians from the south to the overcrowded industrial cities of the north.

Instead, the emphasis has been on trying to create jobs and new homes in situ, a problem greatly complicated by the fact that the population is growing fastest in the four developing regions of Kosovo, Macedonia, Bosnia-Herzegovina and Montenegro.

Kosovo, for example, whose 1.2m inhabitants are over 75 per cent Albanian speaking,

The creation of a federal state and the devolving of political power has defused many tensions. But the political achievements of Titoism, reinforced by two decades of rapid economic growth, have not blinded Yugoslavs to the fact that their country still has to live with enormous economic, as well as cultural, linguistic, religious and ethnic differences.

has a 2.8 per cent annual population growth, while in Slovenia, which enjoys a per capita income six times higher, the population is virtually stable. Greater prosperity and the move from the countryside to high-rise flats in the rapidly growing regional capital of Ljubljana, and such provincial centres as Ptuj and Prizren, is cutting the Kosovo birth rate. But, up to now, this has been outpaced by greater longevity resulting from the construction of sewers and paved roads, and better health care generally.



Unlike southern Italy, however, nature has endowed southern Yugoslavia with most of the country's raw material and energy reserves. Kosovo alone contains 33 per cent of Yugoslavia's coal reserves, 58 per cent of its lead/zinc deposits, most of its nickel, and large deposits of chromium, bauxite, silver/lead, and marble. The Trepca mining and smelting complex near Kosovska Mitrovica, for example, is one of the largest lead/zinc producers in the world. The other regions are similarly endowed

and their mountainous terrain and fast-flowing rivers also give them enormous hydropower potential which is only partly realised.

This natural wealth makes it easier to persuade the donor republics, principally Slovenia, Croatia and Serbia, that developing the south makes sound economic, as well as political sense. Indeed, as Yugoslavia's economic priorities shift in favour of higher energy and raw material investment, the pace of economic change in the south is expected to speed up.

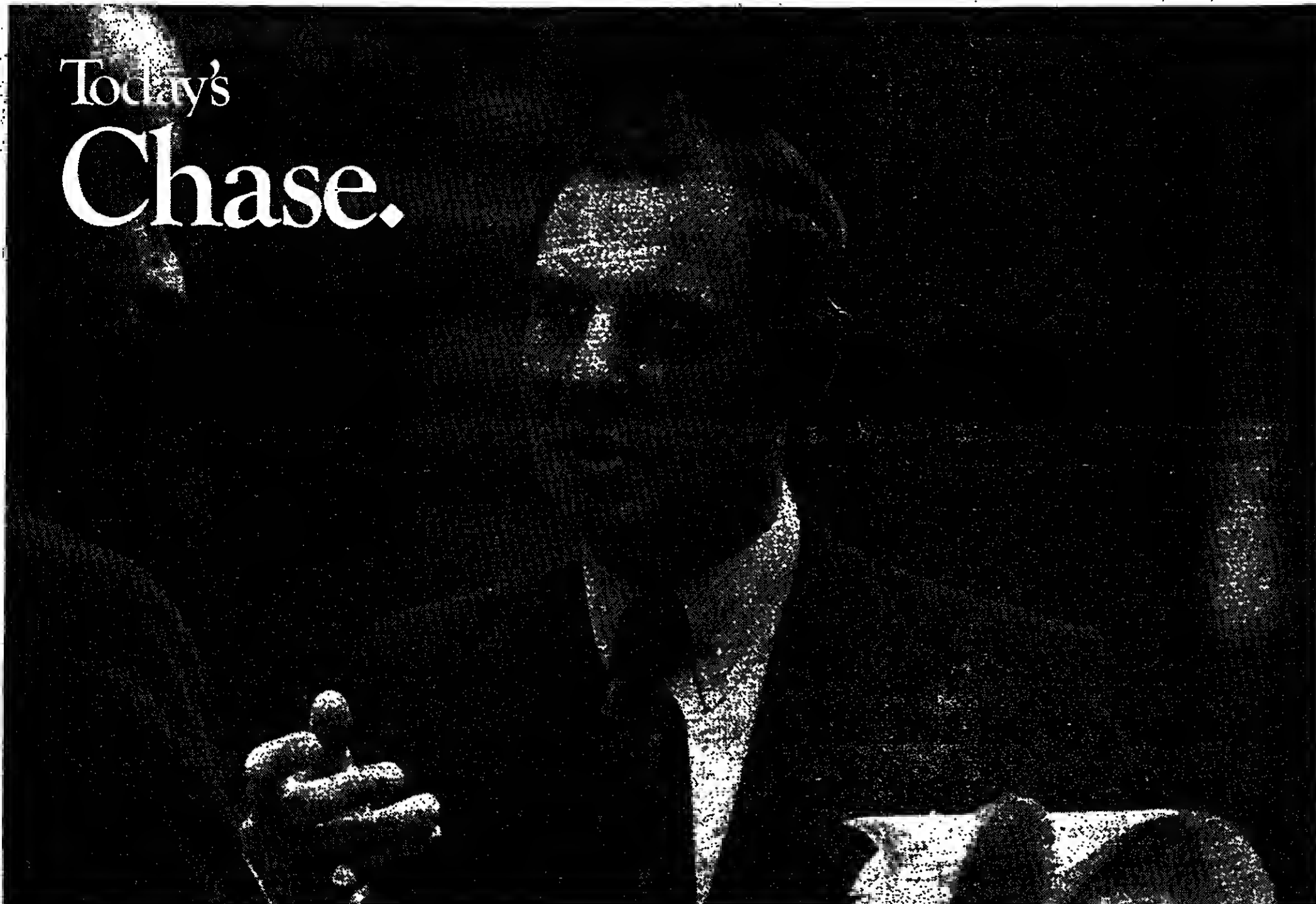
One major example can be seen in the plans being finalised for the four large power stations to be built on the Kosovo lignite fields. Over 11bn tons of proven high-quality lignite suitable for strip mining has been found in Kosovo. Austrian, Swiss, Italian, French and West German interests are negotiating to import electricity in return for their investment in mining and power station development. The more industrialised, but energy short regions of Yugoslavia are also taking part. Kosovo already exports over 70 per cent of its energy to other republics.

Such major investments, plus infrastructure and agricultural projects financed by the World Bank, are in addition to those provided by Yugoslavia's own regional fund. According to Mr. Cline Chorbic, the fund's president, each republic and province contributes 2.9 per cent of its gross national product to regional development. This proportion is fixed every five years by the Federal Assembly (parliament). Some 0.33 per cent is used by the Federal Government to finance various direct subsidies and grants. The remaining 1.97 per cent is administered by the fund in the form of soft credits. The sum disposed of by the fund has increased sharply from 9bn (1965) to 198bn (1979). In 1979-80, the fund contributed 19.8 per cent of the total investment in the south is expected to speed up.

benefit. Bosnia, Macedonia and Montenegro receive 30, 23 and 12 per cent respectively, while Kosovo's share has risen steadily from 30 to 37 per cent. It also enjoys 17 years' grace on its loans, compared with three years for the other. The results can be seen not only in the high-rise buildings, new universities, power stations, factories and public buildings of Pristina, and the Macedonian capital of Skopje after being destroyed by an earthquake, but also in new roads, dams, irrigation projects and well-built new housing and schools in the villages too.

It is not unknown for Croats and Slovenes to grumble about the way their contribution is also spent on marble cultural and sports centres in the south. But, by and large, the political and economic logic behind the southern development policy is understood and approved. After all, they argue, Yugoslavia is mixed up enough as it is, without having to bear the additional strain of massive immigration from the south. In the last resort it is also better to invest in development than pursue the old pre-war policy of repression. Self-interest and altruism alike thus dictate Yugoslav policy towards the regions. So long as this attitude prevails, the prospects remain good for keeping regional rivalries within manageable proportions.

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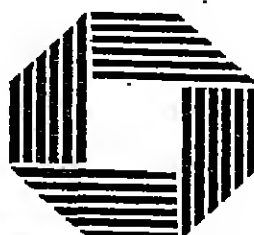
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## Italy promises help for car companies

BY RUPERT CORNWELL IN ROME

STATE AID for the troubled Italian car industry seemed more likely yesterday when the government permitted the industry to qualify for assistance from special funds voted by parliament for industrial restructuring.

The decision was taken by the special inter-ministerial industrial planning committee, and means that Fiat, Alfa Romeo and other Italian producers could benefit from 14,500bn (£2.3bn) allotted for the overhaul of key sectors of the economy.

Government assistance to the car industry has seemed more and more necessary after not only Alfa Romeo, which usually makes a loss, but also Fiat, the country's largest private industrial group, reported a disappointing 1979 performance. The industry ministry will now prepare guidelines for the car sector. These will probably prepare the ground for a decision on Alfa's projected joint venture with Nissan of Japan in southern Italy.

Yet Sig. Giovanni Agnelli, President of Fiat, made clear yesterday that Fiat does not

wish to live on government handouts.

The industry is looking for the kind of state aid that French car makers enjoy. Peugeot, when it took over the ailing Citroën group in 1974, received help that did not appear to entail state encroachment on a private company. The Italian companies want help in technology and research and development, as specific backing for new ventures.

But the Italian government has often shown itself to be unable to spend money, as schemes, though ratified, are bogged down in entangled bureaucracy or political feuding. Only a tiny fraction of the 14,500bn allotted to the Restructuring Fund has actually been spent, even though the money should be disbursed before the end of this year.

Further delays seem likely before the government approves the Fund's package to relaunch the loss-ridden fibres groups of Montefibre and SNIA Viscosa, because of new demands from socialist ministers, whose party has just returned to government for the first time in six years.

## Norway to go ahead with drilling in northern waters

BY WILLIAM DUFFORCE IN STOCKHOLM

THE ACCIDENT to the Alexander Kiehl platform in the North Sea on March 27, in which 123 people lost their lives, will not delay Norwegian plans to start exploratory drilling for oil in the waters North of the 62nd parallel this summer.

In a report to Parliament yesterday, Mr. Bjartmar Gjerde, the Oil and Energy Minister said the Government saw no need to alter the earlier parliamentary decision to allow drilling off North Norway. Operating conditions entailed no greater risks, he said.

The Government's standpoint will be sharply criticised by environmental and fishing interests but it has the backing of reports on the accident from Det norske Veritas, the Norwegian marine insurance agency, from the Shipping

Directorate and its own Ministry.

Mr. Gjerde said the Petroleum Directorate would put into effect the reporting committees' recommendations to reinforce safety on rigs and to restrict dispensations to operators who do not have the full quota of qualified staff.

Three Norwegian companies, the state-owned Statoil, Norsk Hydro and Saga Petroleum are expected to start drilling later this month in two blocks off the counties of Troms and West Finnmark and one block further south in the Haltenbanken area. They will use semi-submersible rigs of the Aker H-3 type.

FINANCIAL TIMES, published daily except Sundays and public holidays. U.S. subscription rates \$385.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

## DIVIDEND INCREASE

The Board of Directors of ENSERCH Corporation on April 15, 1980, declared an INCREASE in the quarterly dividend from 39 cents to 43 cents per share of common stock payable on June 2, 1980, to shareholders of record on May 16, 1980. This represents the eleventh increase in the cash dividend since early 1970, and it is the 144th consecutive quarterly cash dividend paid.

For additional information, please write to Benjamin A. Brown, Vice President, Finance, Dept. L, 301 South Harwood, Dallas, Texas 75201.

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## Thatcher yields to EEC on extra oil question

BY JOHN WYLES IN BRUSSELS

ALTHOUGH EIGHT EEC heads of government failed in Luxembourg to persuade Mrs. Margaret Thatcher, the UK Prime Minister, to accept their offer to settle the British budget problem, they did bring a potentially significant concession out of her on the energy front.

This is clear from the final communiqué produced by one of the longest and dramatic summits in Community history. After many months of pressure from West Germany and France, Mrs. Thatcher agreed to a statement that the Nine would consider the possibility of increasing hydrocarbon production if there was an oil supply crisis.

This means that the UK has dropped its reluctance to discuss a hypothetical increase in its North Sea oil output if there was a total shortfall in supply to the EEC lower than the 7 per cent which would trigger previously agreed Community

crisis measures. Mrs. Thatcher has this week pointed to the summit's energy declaration as evidence of progress made there, and by implication, of her compromising mood.

However, it is understood that she flatly rejected a French draft which would have committed the UK much more explicitly to raising oil production during a supply shortage and giving the Community priority access to the extra output.

The UK has long maintained that supply contracts give it very little margin for manoeuvre in redistributing North Sea oil deliveries. About 60 per cent of its total exports already goes to Community countries and it is pointed out that boosting output in a supply shortage would mean extra gas flaring and, therefore, a waste of energy.

Commission officials are satisfied with the energy section of

the communiqué because it reaffirms the need to reduce dependence on imported oil and directs Energy Ministers to ensure better co-ordination of consumption policies to achieve this goal. It also instructs Ministers to examine the Commission's latest proposals for a harmonisation of energy taxes and for a central Community energy fund.

EEC permanent representatives agreed yesterday that the next phase in the negotiations on the British budget problem should be determined by Foreign Ministers meeting here next Tuesday. Italy, currently occupying the Community presidency, is anxious that momentum built up at the summit should be maintained despite the final deadlock.

A statement of the final offer rejected by Mrs. Thatcher is likely to be produced for the Ministers along with some suggestions on the tricky problem of the duration of any deal.

## S-W Asia may top Venice talks

BY JONATHAN CAR IN BONN

THE WESTERN summit conference scheduled for June 22 and 23 in Venice, originally expected to concentrate on economic issues, is emerging as a forum to co-ordinate strategy on the Afghanistan and Iran crises.

West German officials expect that by late June economic sanctions will have been imposed against Iran and that most Western nations will have agreed to boycott the Moscow Olympics. There are few signs that either step can be avoided.

Thus close consultation will be needed between the United States, its major European partners and Canada and Japan on what the next step should be. The Venice meeting is thought to provide a good opportunity.

Suggestions of high-level meetings between the U.S. and its main allies to discuss a crisis have not been taken up hitherto, partly because of

in Europe that they might impair independent, national decision-making.

Quite apart from the pressure of the crises in South-West Asia, it is also clear that no particular economic problem is emerging as the central issue in Venice, in contrast to last year's meeting in Tokyo, where energy was the dominant theme.

Thrashing out

Special representatives of seven summit leaders have been thrashing out a possible agenda for the session. Results so far indicate that while the summit will stress the need to save energy and develop alternative to oil, no surprises are to be expected. Recommendations will not differ markedly from those to be outlined at a ministerial meeting of the International Energy Agency on May 21.

North-South issues will also be raised but the leaders are thought unlikely to commit themselves to any new course in advance of United Nations discussions on the same topic expected in the autumn. Further, all participating nations are already fighting inflation so that a Venice declaration would do little more than strengthen the position of some participating governments at home as they continue their efforts.

It is also understood that the French may present new proposals on world monetary reform, in accordance with President Valéry Giscard d'Estaing's pledge last year. But they have not emerged yet and senior U.S. representatives in Hamburg last week for the International Monetary Fund discussions indicated that, without reasonable warning and preparation, they would not be prepared to discuss a French plan in Venice.

## Communists lose ground with Spanish workers

By Robert Graham in Madrid

SPAIN'S Socialist General Workers Union (UGT) has made a major advance in the Spanish trades' union movement at the expense of the Communist Confederation of Workers Commissions (CCOO).

At the car manufacturer, SEAT, whose 32,000 workers have traditionally set the pace in the trades union movement, 78 Socialist delegates have been elected against 46 for the Communist group. This compares with the 57 delegates obtained by the Communists last time and 54 by the Socialists. At a large Barcelona plant employing 23,800 workers, a stronghold of the Left, the Communist Confederation gained only 24 delegates against the UGT's 30.

The SEAT elections have become a test of the socialist union's moderate policy towards wages and management. Last July, UGT signed a co-operation agreement with the employers' federation in an effort to boost its declining strength. Earlier this year, it signed a two-year agreement on work conditions that the Communist confederation called a sell-out.

SEAT has been one of the main centres of UGT's battle to end the dominance of the Communist confederation. In January, UGT opposed a strike at SEAT, but the confederation backed by other independent Left unions persuaded the workers in Barcelona to stay on strike for 11 days. The strike failed to achieve a better wage offer.

Strong anti-Communist propaganda over the future of SEAT and its Turin-based partner, Fiat, has helped the Socialist union gain strength.

## Deficit fears fail to deter Barre

BY TERRY DODSWORTH IN PARIS

THE FRENCH Government is now assigned to a substantial current account deficit this year because of the rising cost of oil imports and a slowdown in world activity.

M. Raymond Barre, the Prime Minister, said yesterday the payments deficit will be around FF22bn to FF23bn (£2.3bn-£2.4bn) against a surplus of FF2bn last year. Growth will fall to 2.5 per cent from 4 per cent in 1979.

Economic activity is expected

to continue at a reasonably high level at least until the summer. But signs of a decline in consumer spending have emerged in the last few days and the Government believes that the economy in general will stagnate in the second half of the year.

But these unfavourable prospects will not mean any relaxation in his austere economic policies, M. Barre said.

In a speech to business leaders, he said the answer to

the balance-of-payments problem lay in measures to economise on energy and imports—while continuing to strengthen the country's industry. Industry will be encouraged both to export more, by support for such sectors as food processing, and to recapture the domestic market.

M. Barre rejected criticism that inflation, which was running at a rate of 16.8 per cent in the first three months, has been

exacerbated by his policy of price liberation. The policy will be pushed through to its conclusion to make French companies more competitive, he said. The main weapon against inflation will remain tight monetary policy, chiefly through strict limits on the growth of bank lending. M. Barre has also made clear that the Government will do everything in its power to prevent the budget deficit exceeding the target of FF30bn this year.

## Bonn approves £435m addition to budget

BY ROGER BOYES IN BONN

THE WEST GERMAN Government yesterday approved a DM1.8bn (£435m) supplementary budget enabling it to raise defence spending by DM900m, or 3 per cent in real terms, and to step up its aid to Turkey.

Herr Hans Matthöfer, the Finance Minister, said DM250m of the increased defence budget would go towards heating and fuel costs and DM140m towards stocking and munitions. Over DM300m will go to pay wage increases to military personnel.

A key part of the supplementary budget will go to Turkey as part of West Germany's contribution to strengthening the southern flank of NATO in the

wake of the Soviet invasion of Afghanistan. DM170m will go directly to military assistance to Greece and Turkey while the supplementary budget as a whole makes provision for DM295m aid to Turkey.

This sum was agreed as part of the Organisation for Economic Co-operation and Development's aid efforts to bolster Turkey's ailing economy. The West German contribution was matched by the U.S. although Herr Matthöfer pointed out yesterday that Bonn's aid was given on easier conditions.

The rest of the supplementary budget is directed largely at

meeting higher wage costs in the public sector, educational subsidies and additional interest on public debt.

The Finance Minister said that because tax revenue is expected to fall in the coming year, the public borrowing requirement would be raised by DM1.6bn to DM25.9bn (£6.3bn).

The supplementary budget has only been made possible through considerable chiselling on the part of several ministries, especially Transport. Herr Kurt Gscheidele, the Transport Minister, has had to save DM56m, largely by cutting plans for motorway exten-

sions, investment grants for the Federal railways and internal waterways. The Economics Ministry had to cut a planned DM147.8m, including assistance for the aerospace and shipping industries, while the Research and Technology Ministry has sliced DM145m from its budget.

Herr Matthöfer made clear, given the financial pressure in Bonn, that he would have great difficulty finding the money to back up Chancellor Helmut Schmidt's offer of DM1.25bn to Britain at the European summit earlier this week. He would not be able to support an offer of the same magnitude in future.

## Amsterdam riots as Beatrix takes over

BY CHARLES BATCHELOR IN AMSTERDAM

PRINCESS Beatrix was yesterday invested as Queen of the Netherlands in Amsterdam as the police fought gangs of stoe-throwing youths only a few hundred yards away. Queen Juliana relinquished the throne after a rule of 31 years.

The Dutch Royal Family, MPs from both Houses of Parliament and representatives of many foreign countries, who included the Prince of Wales,

were aware of the rioting, which began as a protest against the housing shortage. As the afternoon wore on police cordons were drawn up on Dam Square, only a few yards from the New Church where Queen Beatrix, who is 42, took the oath of allegiance.

Areas of central Amsterdam became a battleground as a march by squatters, swelled by several thousand by gangs of

youths intent on fighting the police, approached the heart of the city.

Riot police backed by reinforcements from many other cities used batons and teargas as the demonstrators tore up paving stones, smashed shop windows and set fire to cars.

Five thousand police were unable to prevent the worst street violence seen in the city since the mid-1970s. About 100

people, including police and demonstrators, were injured.

Reuter, from Copenhagen: Much of the centre of the Danish capital was cordoned off yesterday after violent demonstrations on Tuesday night against plans to build apartments on a recreation area. Police said 119 people were arrested and 15 were charged with assaulting the police. Editorial Comment, Page 24

## COAL INDUSTRY PENSION FUNDS

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**unaudited accounts for Year Ended 30 September 1979**

	1979 £ million	1978 £ million
Contributions	184.3	168.7
Investment income	53.7	35.1
Benefits paid	88.3	78.1
Excess of income over expenditure for year	149.7	115.7
Net assets at book cost	636.3	486.6
Net assets at market value	941.3	707.6
Average yield on invested funds	9.56	8.44
Number of members	251,285	252,843
Number of pensions in payment	253,863	253,832

**Extract from the report of the Committee of Management**

**Marketable securities:** A total net investment of £7 million was made—£35.4 million in equity shares and £37.4 million in fixed interest securities, mainly Government stocks.

**Property:** A net investment of £53.7 million was made.

**In the United Kingdom the main thrust of investment property was acquiring new developments, either by forward purchase contracts, during construction, or by direct development. The Scheme, jointly**

**with the NCB Staff Superannuation Scheme, made a successful tender offer for Continental Illinois Real Estate Investment Trust in America. £33.8 million has been invested in this acquisition which should make a worthwhile contribution to investment income in the years ahead.**

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## OVERSEAS NEWS

## Kurdistan fighting goes on despite call for ceasefire

BY SIMON HENDERSON IN TEHRAN

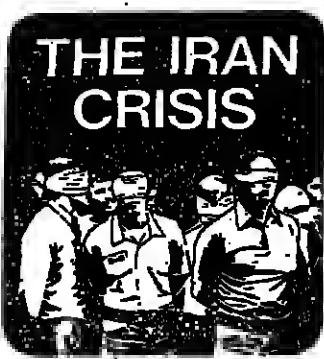
FIRING continued yesterday in the Kurdish region of west Iran despite the declaration of a ceasefire. Fighting between Kurds and central Government forces in the area has been going on for some time.

The Kurdish Democratic Party, the main political body of the autonomy-seeking Kurds, said that the army had lobbed about 40 shells into the town of Sanandaj since the ceasefire had begun. The party said its forces were not returning the fire.

The ceasefire was declared by the Kurds themselves and the army was ordered by President Abul-Hassan Bani-Sadr to observe it provided they were not being fired on. A "goodwill mission" from the Government has arrived in Mahabad, another Kurdish town, to arrange a more permanent ceasefire.

Although the situation is still confused, the ceasefire appears to have been called after many Kurds, most of them civilians, had been killed. The towns of Sanandaj and Saqqez have been under fire from Iranian artillery and aircraft. About 1,000 people are believed to have died on both sides, including many women and children.

It is not clear whether any shift in power has



THE IRAN CRISIS

occurred in the struggle between the Kurds and the army. Previous bouts of fighting ended when the Kurdish fighters moved into the hills. After a few weeks of relative calm they moved back into the towns and the army and revolutionary guards seldom tried to enforce control much beyond their own barracks.

The Kurdish struggle for autonomy is watched carefully by other ethnic minorities in Iran. Travellers to the north-east region report that the Turkomans are expecting a Government push against them to start when the Kurdish fighting has died down.

Meanwhile tension has in-

creased at night in Tehran after the shooting of a Kuwaiti diplomat. He was seriously injured, apparently to effort, after his car was stepped at a road block by revolutionary guards. Just after midnight on Tuesday, an Iranian air force Phantom fighter buzzed the city. It was said to have been scrambled to investigate an unidentified flying object.

The shooting of the Kuwaiti occurred soon after Mr. Sadeq Cebzadeh, Iran's Foreign Minister, had narrowly escaped an assassination attempt while on a visit to Kuwait, but the two incidents are not thought to be connected.

Reuter reports from Washington: A second incident involving U.S. and Iranian aircraft occurred over the Gulf on Tuesday. The Pentagon reported yesterday. The incident occurred about five hours after the earlier one reported on Tuesday and again involved an Iranian C-130, which was escorted by two F-4 Phantom fighters.

The aircraft were sighted heading towards the U.S. naval battle group headed by the carrier Minut and were escorted back to Iranian airspace by two F-4s from the carrier. As in the first encounter, no shots were fired, the Pentagon said.

## Saudis urge Islamic move on hostages

BY HANAN HAJAZI IN SAUDI

THERE ARE signs that Saudi Arabia is attempting to mediate between Iran and the U.S. for the release of the U.S. hostages in Tehran.

A four-point plan for resolving the problem peacefully through the Foreign Ministers of Islamic countries who are due to meet in Islamabad on May 17, has been aired in the Saudi Press. Though not directly controlled by the Government, Saudi newspapers are heavily subsidised and attempt to reflect official policy.

The Ministers will meet within the Organisation of Islamic Countries which has its headquarters in Jeddah. The Islamic Conference was among international bodies invited by President Abul-Hassan Bani-Sadr of Iran to send delegations to study the situation after the failed U.S. attempt to rescue the hostages.

The daily newspaper, Al

Jazira, published in the Saudi capital, Riyadh, suggested that the Islamic Foreign Ministers should seek guarantees that the U.S. will not interfere in Iranian internal affairs in future and will lift all economic sanctions against Iran, including the release of Iranian deposits.

In return, the ministers would guarantee that no harm would be done to the hostages and would secure their freedom.

The proposals are within the spirit of a Saudi Government statement issued earlier in the week which expressed concern and sorrow over the U.S. attempt to rescue the hostages by force and urged both countries to exercise restraint.

Al Jazira's plan indicates that Saudi Arabia and the Gulf states, frightened by the deterioration in conditions in the Gulf, may now be ready to exert stronger pressure to end the crisis between Iran and the U.S.

## Qotbzadeh has lukewarm reception by Kuwaitis

BY ANDREW WHITLEY IN KUWAIT

MR. SADEQ QOTBZADEH, the Iranian Foreign Minister, appears to have failed to secure Kuwaiti endorsement of Iran's position in its confrontation with the U.S. and Iraq. He left for Abu Dhabi yesterday morning.

A brief, lukewarm statement by Kuwait yesterday noted only that the circumstances demanded more meetings between "friends." But Iranian diplomats here insist that the talks went well.

In his statement, Sheikh Sabah al Ahmad al Sabah, the Kuwaiti Foreign Minister, said he regretted the attempt on Mr. Qotbzadeh's life on Monday, an incident which has caused the Government much embarrassment. Two men are said to

have been arrested. The Kuwait Press, meanwhile, has been critical of Iran's policies. The Arabic daily, Al Anbasa, attacked Iran for giving "imperialists" the reason to destroy the Gulf, by requiring that Arabs agree to the demands of the Iranian military holding the U.S. hostages.

The newspaper also questioned the reasoning behind the revival of long-standing disputes between the Arab states of the Gulf and Iran, which in 1971 seized the islands of Abu Musa and the Tunbs, hitherto regarded as belonging to Sharjah and Ras al Khaimah.

At a press conference on Tuesday, Mr. Qotbzadeh said the Iranian revolution had been misunderstood by the Arabs.

## Peking admits to 6% inflation

By Tony Walker in Peking

CHINA yesterday released its most detailed set of economic statistics which include previously unpublished material such as inflation figures.

Detailing China's economic performance in 1979, the figures show that increases in retail prices last year reached almost 6 per cent, the first time China has officially mentioned an inflation rate.

The national income figure was 337,000 yuan which means China's per capita income is about 350 yuan (£102).

The figures, released by the State Statistical Bureau, show an improved performance in almost all areas of economic activity. The value of industrial and agricultural output increased by 8.5 per cent last year and exceeded the national economic plan by 1.5 per cent.

Most surprising figure was that for grain production. China claimed grain output of more than 332m tons. This is a significant increase from the 315m tons announced at the end of December. The 1979 increase in grain was an impressive 9 per cent. The statistical bureau offered no explanation for the revised figure.

Most of the other figures published have already been released since the end of last year. The most important production figures were: coal, 635m tons (up 2.8 per cent); crude oil, 106m tons (2 per cent); and power generation, 281 kilowatt hours (9.9 per cent).

The Peking figures also claim a population of 970m. The population increase per thousand was 11.7, significantly more than the 11.2 previously announced. Again, there was no explanation for the revised figure. China's population grew by more than 12m people last year. The birth rate was 17.9 per thousand. The death rate was 6.2 per thousand.

The higher than expected population growth figure is bad news for the authorities who are trying to get the population down to five per thousand by 1985. Other figures published for the first time include foreign visitors, employment of jobless youth and various price indexes. The total of foreigners to visit China last year was 4.2m, more than twice the number for the previous year. Income from foreign exchange in 1979 was 69m yuan, 54 per cent up on 1978.

The national wage bill for 1979 was 64,700m yuan, an increase of more than 13 per cent on the year before, due to the introduction of bonuses, piecework pay and subsidised prices.

More than 10m bicycles were produced last year. 1.3m television sets, 136,000 motor vehicles and 126,000 tractors.

## New oil deposits near Daqing

SIX NE Well deposits have been found near Daqing oil field in north-east China, the New China News Agency reported yesterday.

The six deposits are to be developed into a satellite oil field and are expected to produce 3m tons of oil a year.

## MUSKIE FOR THE STATE DEPARTMENT

## Carter finds a friend in need

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE SINGLE most important quality Senator Edmund Muskie has to offer President Jimmy Carter may well lie beyond the foreign policy advice a Secretary of State is supposed to provide. For the President of the United States at his Tuesday night Press conference looked in need not so much of more wisdom, but of the comfort of simple friendship.

Mr. Muskie has aged beyond his present 55 years in his three-and-a-half years in the White House. But he never before had the strain been so publicly obvious. Through all his trials, he had never lost his facility at the Press conference, where his command of disparate material and deceptively quick wit have often been well displayed.

But, on Tuesday night, Mr. Carter was breathing hard between questions and nervously licking his lips more than is his wont. So much can be explained by his anger at what he called the "zealotish" behaviour of Iranians waving the charred limbs of Americans killed in last week's mission and his disappointment that the said had failed. But it is surely more the result of his six-month imprisonment in his own home pursuing a solution to the Iran impasse, relieved only by an occasional escape to his Camp David retreat.

Earlier this week, Senator Robert Byrd, the Democratic majority leader, suggested Mr. Carter ought to leave the White House, not so much to further his re-election but to get touch once more with the American people. At least, in Senator Muskie, the crazy, Lincolnesque "man from Maine," he has someone with a

fair breadth of national experience.

It emerged yesterday that relations between the senator and the President have been on more than a business basis for some time. Mr. and Mrs. Muskie have on several occasions dined privately with the Carters in the White House. This is a marked change from 1976, when Mr. Muskie never really warmed to Mr. Carter's candidacy and when he displayed his notorious prickliness when interviewed by the omniscient for the vice-presidential nomination (one report says that was more a question of Mr. Muskie interviewing Mr. Carter).

His temper is well known. But as his sense of his own dignity and stature, acquired after 22 years in the Senate, after two national election campaigns and, now he has partly recovered from a crippling back ailment, after six effective years as chairman of the Senate Budget Committee.

At 66, Mr. Muskie is beyond conventional political ambition. He might well have run for re-election when his Senate term expired in 1982. To be Secretary of State, no matter how long, might well seem the logical culmination of a lifetime of national service.

His personal qualities will undoubtedly be felt at the State Department, compensation, perhaps, for his relative lack of experience in foreign affairs. Significantly, when his appointment was announced, he said, pointing a figurative finger at Dr. Zbigniew Brzezinski, the National Security Adviser: "The President has left no doubt in my mind that I will be the foreign policy spokesman of the Administration."

Dr. Brzezinski will clearly be able to run rings round Mr. Muskie on foreign policy tech-



President Carter introduces his choice for secretary of State, Sen. Edmund Muskie.

nicalities, although if the State Department's top brass pulls behind the new secretary he will not lack expert advice. But, argument dominating the Democratic Party as the Vietnam war unwound. As such, son of an immigrant tailor) do Israel though, in later years, to take Mr. Vance's bureaucratic route, but rather to use his personal reputation as his put to J.S. audacious by President Awar Sadat.

Mr. Muskie's past record, however, prompted Mr. Ronald Reagan, the likely Republican Party presidential nominee, to sound a lone dissenting note when he said he doubted the new secretary would be "tough enough" on central foreign policy items.

But, as President Carter sought to re-assure domestic and international opinion by setting an establishment politician to succeed Mr. Vance, the more valuable re-assurance Mr. Muskie can offer may be the quality of friendship.

## Brazil may seek new IMF credit in 1981

By Our Peking Correspondent

BRAZIL might apply for the International Monetary Fund's new credit facilities in 1981, if, in the words of Sr. Ernane Galvao, the Finance Minister, "international financial market conditions deteriorate."

Sr. Galvao insisted this week that Brazil would not turn to the IMF this year, because, he said, were not attractive at the moment. But if IMF proposals went forward for new credit facilities to finance the balance of payments deficits of non-oil exporting developing countries, he indicated, Brazil would be interested in participating in the scheme next year.

Faced with a \$10bn (£4.4bn) oil bill this year, a \$1bn trade deficit in the first quarter of 1980, and debt servicing requirements of about \$13bn over the year, the Government is struggling to reduce non-oil imports.

The Government recently introduced a 15 per cent tax on foreign exchange transactions for import purposes in the hope of discouraging the private and public sector from buying abroad. The aim is that at the end of the year trade will be balanced at \$20bn-worth of imports and exports.

Persistent inflationary pressures have meanwhile put paid to the Administration's hope of ending 1980 with no more than 50 per cent inflation. During a recent visit to West Germany, Sr. Delino Netto, the powerful Planning Minister, admitted that inflation could run in excess of 75 per cent this year, after 77 per cent last year.

## Lance acquitted on nine charges of bank fraud

BY DAVID BUCHAN IN WASHINGTON

MR. BERT LANCE—the long-time friend of President Jimmy Carter who served as his Budget Director until autumn 1977—was yesterday acquitted on nine charges of bank fraud. Three co-defendants were also acquitted of similar charges.

But Mr. Lance could possibly stand trial again, because the judge in the Atlanta Federal Court declared a mistrial on three remaining charges of violating Federal banking laws, when the jury failed after prolonged deliberation to deliver verdicts on these.

Whether this will happen is up to the prosecutors, who

believe they had arrayed a formidable case against the former Budget Director. Mr. Lance said he was delighted with the non-guilty verdict, which he said he had expected all along.

Mr. Lance was basically accused of using his position as head of National Bank of Georgia, until he came to Washington in early 1977, to award himself, associates and relatives, loans and overdrafts without proper security, a violation of banking practices. One of the defendants, who were all Georgians, was yesterday exonerated on all counts while two others were acquitted, like Mr. Lance.

## Miller hopeful on Chrysler

BY IAN HARGREAVES IN NEW YORK

THE BOARD which must decide whether the Chrysler Motor Company has qualified for the loan guarantees it needs to survive, will meet again today, after the strongest public indications so far that the company will get what it wants.

Mr. William Miller, Treasury Secretary and chairman of the Chrysler Loan Guaranty Board, said after a delayed meeting of the board on Tuesday evening, that a decision would probably come on Friday or Saturday.

He complimented Chrysler on the quality of its car models due for launch in October, and suggested that he major hurdles stood in the way of a positive

vote by the board.

Bankers, too, expect the plan to go through, although lenders are not likely to sign legally binding documents this week.

In previous rescue packages, none of which dealt with the complexity of the Chrysler deal, the lead banks have found numerous smaller banks seeking to disentangle themselves as the big banks have committed themselves in principle to an agreement.

The big banks will exert maximum pressure to prevent such a development this time. They may well be helped by explicit condition in the loan ruling that all lenders must keep existing loans in place if participate in the deal. "Is

## Jamaica gunmen nar election campaign

By Canute James in Kingston

CAMPAINING FOR this year's general election in Jamaica has been accompanied by violence in several politically volatile areas of Kingston, the capital.

In the latest incident, late last month, uniformed gunmen armed with what the police called "sophisticated weapons" attacked a dance hall in the constituency of Mr. Michael Manley, the Prime Minister. People fleeing the attack were fired on. Five died, 12 were taken to hospital.

The week before, Mr. Manley himself was attacked by gunmen as he toured his constituency, and a bodyguard was hurt.

Violence has become a feature of Jamaican elections over the past decade, but the dance hall incident seems even more vicious than the customary skirmishes. Just before the 1976 elections, though, arsonists set fire to a block of flats in Kingston, and killed 11 of the fleeing residents.

The two major parties, the ruling social democratic People's National Party, led by Mr. Manley, and the opposition conservative Jamaica Labour Party, led by Mr. Edward Seaga, may claim connections with the gunmen, but many Jamaicans believe in the political link—the guilty party being "the other side."

The employment of gunmen as a political argument is generally believed to have been the work of politicians in the 1960s who believed that force could influence voters, and that driving fearful voters from an area there one party was known to be strong.

Both Mr. Manley's party and the Opposition Labour Party deny they give the gunmen patronage. Political observers say that the originally organised hangers-on created a monster beyond even the security forces' control.

The campaign's very length could dampen the violence. No firm election date has been set, but Mr. Manley said in February that it would have to wait until a bi-partisan constitutional committee finished its study on electoral reform. The committee has since said it could finish by June. Summer elections are thus a possibility.

This would give Mr. Manley enough time to head off what appears to be certain defeat. Recent polls have given the Opposition 50 per cent of the vote, but also a 40 per cent for ruling party and 2.3 per cent for the Communist Party of Jamaica, who were reflected in voting present distribution of 47 to 10 to 43. The Communists are net contesting election.

Mr. Manley was calling the election constitutionally due by December next year, but a mandate for a new policy which would include assistance from International Monetary Fund. The Government may break off talks with them.

## French threat to Carter's freeze on Iranian assets

A 60-YEAR-OLD Frenchwoman has in her hands a key element in the war of nerves between Washington and Tehran. Mme. Simone Rozes, a French arbitrator in a dispute threatening one of President Jimmy Carter's first retaliatory measures against Iran, the blocking of official Iranian assets.

She is the presiding judge at the Paris Tribunal (Tribunal de Grande Instance), the court dealing with major civil litigation in the French capital. Any day now it is due to announce its final decision on a claim by Bank Markazi, the Iranian Central Bank, for the release of \$51.7m from the Paris branch of Citibank.

To what extent the freeze is enforceable outside the U.S. has been an open question since President Carter announced it in November. But such a U.S. executive order against French banking law, is the first real test. Potentially, it will affect not only Citibank but virtually all the big U.S. banks' Paris branches. Bank of America has already faced an initial suit for an amount twice as big as Citibank's, and other large deposits have fallen due, or are about to.

At the time of the freeze, as much as \$4bn, about half the total of Iranian foreign currency holdings, said to be affected, was believed to be held in branches outside the U.S. The fate of much of that now lies in the balance in Paris. Behind the case looms the

question of Western solidarity with the U.S. over the Iran crisis. The French authorities have taken a line on Iranian claims, although Iran's 10 per cent holding in the Eurodollar uranium enrichment consortium has been blocked by court order for the past five months because of default on contractual payments.

After last week's gesture of support for President Carter from the European Community and Japan, the impending court decision will have an obvious psychological impact in the U.S.-Iran conflict.

This conflict has a "French connection" in at least two respects: in both, the connection passes through the same firm of lawyers. M. Francois Cheron, M. Christian Bourguet, and M. Bertrand Vallette are under contract to have acted as secret go-betweens between the Iranian Government and Mr. Hamilton Jordan, the White House aide, over the U.S. embassy hostages, as well as being involved in attempts to extradite the Shah when the latter was in Panama. Bank Markazi is also retaining them to seek recovery of its overdue deposits in Paris.

The Iranians' apparently exclusive reliance on this Paris law firm is perhaps part of the reason they have chosen to concentrate on the Citibank case, rather than tackling several banks at once.

In the course of four court hearings, the Citibank case has

## David White reports from Paris on Iran's long drawn-out court case to recover the \$51.7m it is holding in the Paris branch of Citibank

truly two days overdue, it decided it was not competent to judge the case under summary proceedings.

Then, on January 16, the Iranians made a very clever move. They had a bailiff place an attachment order on a sum, equivalent to its \$51.7m held by Citibank, partly at the Bank of France, partly at the Bank of Paris, and partly at the Banque Intercantonale pour l'Afrique Occidentale, which it uses for clearing purposes. A bailiff is a low-level legal officer who usually spends his time doing such things as checking how many pin-boards a flat tenant has made in his sitting-room wall, but to issue an attachment order he has only to satisfy himself that a debt is genuinely outstanding. Citibank appealed. The court stood by the bailiff.

In this way, after first trying to obtain their funds in sterling to settle food import contracts, and then in French francs, the

Iranians theoretically gave themselves a fall-back chance of obtaining compensation. They were a point ahead.

On February 11, Bank Markazi sued Bank of America for \$103m (principal and interest) and the court again decided against a summary judgment. For the first time, the real philosophical and legal arguments began to emerge. Bank of America said it had effect the deposit against U.S. claims out of the country. Bank Markazi replied for the funds to be put in escrow—that is, under the authority of third parties—until the case was settled. The court refused. The Americans won back a point.

On March 17, the full Citibank case was heard. Before three judges, two lawyers for each side presented their depositions and expounded the principles of their respective cases for a total of six hours. There were no witnesses. At the end, Mme. Rozes said she would let them know in due course, and that

was that.

The basic Iranian argument is straightforward. Any banking branch registered in Paris is by law a French bank, and French banks are compelled to honour their debts on pain of being declared bankrupt.

Citibank recognises the debt, but says that it can repay it only through New York, and that that way is blocked. It claims the original transaction was made with Citibank in New York and that the funds were placed in Paris solely for convenience.

The more complex side of the U.S. bank's case entails an arcane point about the nature of a foreign exchange contract, and the argument that the U.S. dollar is the currency of one country and that major transactions have to be cleared through that country, in which case they come up against President Carter's order.

What happens to Panama or Liberia, which use U.S. paper currency? And what is a Eurodollar? Then they have what is known as "the IMF argument." The U.S., says Citibank, went to the International Monetary Fund on November 29 and presented the freezing of Iranian assets as a form of exchange control. By not taking action within 30 days, the fund's board of executive directors (under Article 8, Section 2B), had given its implicit consent.

France—the argument goes—is a signatory of the Fund's

articles and therefore has recognised the measure as part of French law. Mme. Rozes succeeded in fudging this issue, digging up another Fund article about disagreements between members. She said she would have to ask the Fund's view.

French bankers, looking to still hope a compromise can be struck, some fear that a verdict in Citibank's favour, which most unlikely to state outright that a U.S. executive order is valid on French soil, would damage Paris's reputation as banking centre and, more particularly, as a safe place for the Arab funds which have been fleeing in recent months.

Legal experts see into agreement there is no way that, by upholding Bank Markazi's claim, the court would be opening access to any frozen funds except those registered at French branches. But such a decision would place the U.S. Paris director, as a U.S. citizen, in an impossible legal position. The possibility cannot be discounted that the bank (which has declined throughout to comment on the case) would still refuse to pay, and that this legal wrangle, followed by others, would drag on until the freeze was over.

But an end to the freeze would seem to depend not only on a solution to the hostages problem, but also on the restoration of confidence in Iran's willingness to honour its financial obligations. Mme. Rozes may have a lot of work between now and then.



## BOTB hit by cuts in export services

BY ELAINE WILLIAMS

REPORTERS' FARE increased costs and less support from the British Overseas Trade Board because of cuts in export services, the BOTB announced yesterday.

The BOTB is cutting £1.5m from its budget this year and is reducing staff by 100, 10 per cent of its total work force. Next year the budget will cut its direct expenditure by £4m in 1982 and £5.5m in 1983.

To achieve this the Overseas Project Fund, which is used to help large companies prepare bids for large overseas contracts, is to be cut by £500,000 to £4.5m.

Companies will also be expected to pay more towards the cost of exhibiting in overseas trade fairs. This will save about £20,000 this year alone.

The BOTB is to increase its charges to companies so that it recovers 50 per cent of its direct costs.

Also, fringe benefits for companies such as travel expenses and support for freight costs will be withdrawn

by 1981 except for companies exhibiting overseas for the first time.

From next year the number of outward missions supported by the BOTB will be halved. The board estimates it will save about £500,000 a year. It will concentrate more on Government-backed missions rather than private ones.

The Export Marketing Research scheme, which provided assistance for projects within the EEC is to be withdrawn as are both the board's European Components and Overseas Traders List Services. Lord Limerick, the BOTB chairman, said that services cuts have been made to the less successful of the board's services.

The Rayner Report, which was prepared for the Department of Trade under the guidance of Sir Derek Rayner on the future of services to exporters, also recommended the ending of the Market Entry Guarantee Scheme. But the BOTB has decided to continue the scheme in its present form.

JUST AS British companies are bracing themselves for possible difficulties in trade with Saudi Arabia, diplomats and businessmen are trying to rebuild Britain's trade relations with Saudi Arabia's southern neighbour, North Yemen, after a long-standing row which has certain similarities with the Saudi-British dispute.

While the Saudi Government was infuriated by the showing on British television of a film to which it objected but which the British Government could do nothing to stop, the North Yemeni Government was angered by the impending at Heathrow airport of a Yemenia aircraft by order of the High Court—banned British Government control.

The aircraft, a Boeing 727, had come to take the North Yemen Prime Minister, Mr. Abdul-Aziz Abdul-Ghani, back to Sanaa on November 30 last year after a highly successful official visit to Britain. British Midland Airways had the airliner impounded, claiming that

the Yemeni concern owed it some \$4.2m in compensation for alleged breach of contract over the cancellation of a contract to lease two aircraft.

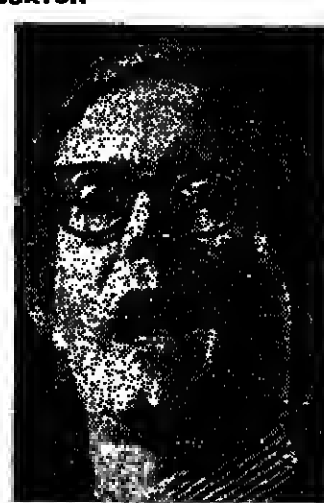
Having refused at a late night hearing in chambers to post a bond, which would have ensured the release of the aircraft, the Yemeni group returned to their country on a scheduled Saudi Arabian airlines flight.

In the ensuing dispute over why was interpreted as a British Government insult to the Prime Minister, the North Yemeni Ambassador was withdrawn; Mrs. Thatcher wrote a letter of apology; and Britain pleaded that it had no power over the courts.

The aircraft was not released until late January—after 47 days—when the Yemeni Government put up an irrevocable letter of credit against which the British Government put up a bond. And the row was not declared over until March, when Mr. Douglas Hurd, Minister of State at the Foreign

RACAL Communications of the UK has won a £500,000 order for advanced receiving systems to re-equip the Saba Press and News Agency in North Yemen. The equipment includes Racal's RA 1782 HF receivers and extensive antenna, teleprinter, facsimile and recording systems. The RA 1782 provides for the monitoring of up to 100 frequency channels.

Racal said the contract was the third of its type with a Middle East country within a year. Similar monitoring stations have been established at Qatar and Abu Dhabi.



Mr. Hurd. Apologised personally.

Office, went to Sanaa to apologise in person. Earlier this month the North Yemeni ambassador returned to London. The British Government had received an assurance from British Midland that it would

not impound the Prime Minister's aircraft. BMA says the assurance was conditional on the issue of the Yemeni debt being taken up during the visit. It decided to go ahead with securing the aircraft when it

heard, two days before the visit, that the issue was not to be raised—apparently at the Yemenis' request. The British airline saw little point in trying to bring up the issue once the visit had started.

In Sanaa itself British businessmen quickly felt the effects of unofficial but, nevertheless, officially-inspired restrictions: import permits, customs clearance and work permits were processed at a deliberately slow pace; some imports were delayed and salesmen had to scurry out to Sanaa to help their consignments through the bureaucracy.

Few if any government contracts were awarded to British companies while the row lasted, but there is no sign that contracts went to other countries because of it. The restrictions evaporated after North Yemen declared the row over, and soon afterwards, a UK-based company announced the award of a contract. But those familiar with the Yemen market believe it will take far longer to rebuild British goodwill in North Yemen

than it took to break it down. The North Yemeni market, never easy, has if anything become more difficult in the past year. Political instability has not really been a major problem—although two Presidents were assassinated in nine months in 1977-78. Mr. Abdul-Ghani has been Prime Minister nearly six years. The real problems are uncertain business practices and the economy's dependence on outside finance.

With the balance of payments recording a deficit of \$80m in 1979/80—the first for several years—some slowing down of the economy seems likely. This could affect British exports, which amounted to \$49m last year.

But there are still many opportunities in what is a fast-developing country. A surprising number of reports in the 1976-81 Five-Year Plan—which was criticised for being too ambitious when it was launched—have been implemented and there are more in the pipeline.

## Butter sales boost Irish-Soviet trade

By David Satter in Moscow

TRADE between the Soviet Union and Ireland rose more than 150 per cent last year compared with 1978 because of the effect of massive Soviet purchases of subsidised EEC butter drawn from Irish stocks.

Recently released Soviet figures showed that the value of trade last year reached roubles 103.5m (\$71.4m) compared with roubles 41.3m in 1978.

In addition to butter, Ireland exported large quantities of meat, machinery for the pulp and paper industry, medical equipment, chemicals, synthetic fibres, and clothing to the Soviet Union. Ireland's exports to the Soviet Union nearly quadrupled in 1979 to roubles 54.5m from roubles 14.5m in 1978 and imports from the Soviet Union also increased to roubles 48.6m from roubles 26.8m in 1978.

Ireland went into surplus with the Soviet Union by roubles 6.2m in 1979 compared with a deficit of roubles 12.5m in 1978.

## Paris opens Brazil credit line

PARIS—France has opened a credit line of FF2.5bn (\$263m) to Brazil under a financial protocol signed in Brasilia, officials said.

The credits, the biggest ever granted to a foreign country by France, carry an interest of 7.5 per cent.

The money will be used to help finance a number of Brazilian projects. These include the construction of a hydro-electric power station at Porto Primavera, the electrification of the Santos-Uberaba Railway, the construction of railway line at Belo Horizonte and two phosphate-carrying ships.

AP-DJ  
The Export Credits Guarantee Department has guaranteed a \$5m line of credit to Cuba made available by Morgan Grenfell, Hugh O'Shaughnessy writes. It is expected that much of the money will be used for the purchase of British sugar equipment and spares. Last year there was a jump in Anglo-Cuban trade with Britain selling \$36.1m of goods against imports from Cuba of \$14.8m. This compares with figures of \$36.6m and \$28m respectively in 1978.

## Argentina hopeful about terms for nuclear project

BUENOS AIRES—Argentina and Canada have reached a tentative agreement on the terms for completion of a nuclear power reactor being built here by Atomic Energy of Canada. Admiral Carlos Castro Madro, President of the National Commission, has announced.

"I have the clearest guarantees of the Canadian Government that the project will be given high priority so it can be finished as soon as possible," Admiral Castro Madro said after returning from Ottawa.

The Canadian company asked earlier this year for a renegotiation of the construction contract to reflect what it called a fair rate of exchange between the dollar and the Argentine peso. It must turn to local suppliers of material for the

plant. The Argentina Government has been supporting the project at an artificially high rate against the Canadian dollar.

Admiral Castro Madro did not disclose terms of the agreement, which now requires final approval by both governments.

The Puerto Rico Government has formally applied to the U.S. Federal Government for permission to organise a U.S. foreign-trade zone in Puerto Rico.

St. Alejandro Coll, executive director of the Government-operated Puerto Rico Commercial Development Company, said the petition had been submitted to the U.S. foreign-trade zone board in Washington.

St. Carlos Romero Barcelo, the Governor of this U.S. Commonwealth, said the trade zone is the key to making Puerto Rico a major trade centre in the Caribbean. AP-DJ

## Sadat presides over Suez tunnel work

BY MICHAEL CASSELL IN CAIRO

PRESIDENT Anwar-Sadat yesterday watched as British and Egyptian engineers completed the breakthrough of a 585m tunnel under the Suez Canal.

The Ahmed Hamdi Tunnel, about 12 miles north of Port Suez, represents the first permanent land link between Africa and Asia since the canal was built over 100 years ago, and it is an important step in Egypt's plan to open up and develop Sinai.

A brief ceremony on the east bank of the canal was also watched by Mr. Cecil Parkinson, the UK Minister for Trade, who is on an official visit to Egypt to help encourage trade between the two countries.

The tunnel, just over a mile long, and due to be carrying traffic by the end of this year, has been built by Osmac, the joint venture partnership between Tarmac International and Osmac Ahmed Osman of Cairo. Sir William Halcrow were the designers.

Originally the tunnel was to have been built closer to Port Suez, but ground problems led to a change in location. The project was to have cost £50m when work began in January, 1977, but the joint venture is working under price escalation clauses which has protected it

from a doubling in the contract price.

The tunnel has, since the start of work, been closely associated with President Sadat, who is pledged to develop parts of the Sinai and to provide fresh links between the east and west banks of the canal as a replacement for those destroyed by the Israelis.

There are suggestions that further canal crossings will be built, though it is not certain whether these will be in the form of tunnels or bridges. Osmac hopes the successful venture will lead to more contracts in Egypt. It has tendered for a \$40m power station contract in Aswan as well as a new \$30m cement works scheme.

There is also hope that the joint venture could be involved in the proposed multi-million pound main drainage scheme for Cairo.

British companies, as a whole, are pursuing contracts valued at over \$1bn in Egypt, ranging from power stations and chemical plant to hospitals and railway organisation projects. The level of UK capital aid—which can be decided in winning work—is small, however, when compared with some of Britain's competitors.

## At the 112th Annual General Meeting of the Co-operative Insurance Society Limited held in Manchester on April 30, 1980, Mr. Hedley Whitehead, Chairman made the following statement:

I am pleased to report that 1979 was a very satisfactory year for most aspects of the Society's business. The results are given in detail later in this report, but the main features were:

• rates of growth in premium income and investment income; an exceptionally large increase in new life assurance business; higher bonus additions to the benefits under life assurance policies; and an improved operating profit on the non-life business.

The Society's progress in 1979 was an encouraging conclusion to a difficult decade. The 1970s brought many problems for the insurance industry, as they did for other sectors of the economy. We had to contend with inflation at levels not previously experienced. In this context, the Society's investment income, new legislation, and changes in the pattern of the insurance needs of the public.

Of these challenges, inflation was much the most serious for us. Insurance is a labour-intensive industry, and labour costs, including national insurance and pension costs, account for nearly 80 per cent of the Society's total operating expenses. In periods of high and increasing rates of inflation such as we experienced in the last ten years, it is very difficult to hold the rising operating expenses within a reasonable limit. The result is that the premiums paid by the policyholders, especially with the life assurance business, where we cannot increase premiums on existing policies. At the CIS we redoubled the efforts we have constantly made, in our policyholders' interests, to improve our efficiency.

In the last decade there have been extensive changes in our organisational structure and operating methods—in new business production, administration and servicing, the revision of policy terms, and the introduction of new working methods and the revision of policy terms. The beneficial effects of the efforts that all our staff have made and the changes in which they have co-operated are shown in the Society's big expansion of business in 1979, and the modest level of its operating expenses.

But what of the new decade that has just begun? What further changes may we expect in an era when the pace of technological innovation will quicken? How will they affect our business of providing home service insurance?

There have been some suggestions that in the 1980s the business of home service insurance companies will develop more slowly than that of other insurance companies, and will eventually start to decline. Those who make these suggestions have in mind the way in which personal services in many other fields have reduced because of the cost of providing them; for example, the advent of superstores and "serve yourself" retailing, or the huge growth of "do-it-yourself" in home decorating and maintenance.

At the CIS, we do not accept this gloomy view of the future. This is because of our conviction that home service is the only way in which the insurance needs of the great mass of the public can be adequately catered for; and because home service can be the most efficient and economical way of providing the necessary insurances and servicing them.

Were it not for home service insurance, a few of the "better-off" families in this country would have adequate insurance protection. We acknowledge

that insurance brokers provide a useful service for many people, but we do not believe that they are able to ensure that the great majority of ordinary working men and women have the insurance protection they need. Human nature being what it is, most of us require some friendly persuasion to buy the intangible, even if necessary, benefits of insurance in preference to the tangible goods that we can otherwise enjoy with the money. It is therefore a fact of life that most people who happily and readily take out a policy as the result of a home visit by an insurance agent would not have taken the trouble to call at an insurance broker's office for that purpose.

Nor should it be thought that home service is an expensive way of providing insurance services. The ratio of expenses to premiums on personal life assurance policies is higher amongst home service companies than in most other types of insurance company, but this is because the average size of policy issued by the home service companies is smaller, and not because they provide home service. If expenses are expressed per policy in force, a truer picture emerges: on this basis, the expenses at the CIS on personal life policies are amongst the lowest in the industry.

It is often overlooked by those who believe home service insurance will decline that the business of the home service insurance companies has long ago moved beyond the provision mainly of industrial assurance—the smaller life assurance policies where the premiums are expressed to be payable monthly (at one time, weekly) and are collected at the homes of the policyholders. Industrial life assurance is still very important, but the larger, ordinary life insurances, and household and motor insurances are now a major part of their business. The great majority of personal life assurance policies are issued by the home service insurance companies, although the average size of these policies is naturally smaller than the average size of personal policies issued by the remainder of the life assurance industry, nevertheless the policies issued by the home service offices account for nearly half of the industry's business. In addition, these offices issue significant proportions of the household insurance policies and private motor vehicle policies. In other words they cover the larger, ordinary life insurances, and the range of insurances we offer so as to meet the changing circumstances of the average family, so, in my view, will be able to accommodate the changes that may take place in the 1980s.

The amount of time spent by the full-time agents in collecting premiums will decline as more people have their wages paid into a bank and there is wider use of systems such as direct debiting, or of facilities like credit cards and debit cards. However, I am quite confident that we can cope with these changes. There is already much less time spent by full-time agents on collecting premiums than there was in the past. At one time the premiums on industrial life policies were usually collected weekly. Gradually the interval between collections has moved first to fortnightly and now to monthly in the great majority of cases.

There have been other substantial changes over the years in the content of the agent's work. Revised administrative systems and the extensive use of computer-based methods have relieved him of much of the important, but very tedious, work he formerly had to undertake in accounting for collections and supplying information about changes in the business on his agents.

In consequence, most CIS agents now spend the greater part of their time on writing new business, and servicing claims and other matters affecting their policies on their agents. We foresee that in the 1980s these functions will become an even more prominent part of an agent's work. We believe also

that the agents' services will be required to an increasing extent as the living standards of the average family continue to rise and their needs for insurance increase.

It would be foolish to think there will be no problems for us in the 1980s. Undoubtedly there will be. But I am confident that there will also be increasing opportunities for the Society to develop its service to the public and that the Society has the right patterns of business and of organisation to make the most of those opportunities.

After this look ahead to the future I now return to the affairs of 1979 and my detailed comments about the Society's progress.

The interest yields available on investments in British Government and other fixed-interest securities remained high in 1979. This was the occasion of a number of the official policies of restricting monetary growth in a period when the demand for finance from both the public and private sectors continued to be very strong. There was a further sharp rise in interest rates in November and at the end of 1979, the yields on long-term stocks were 14-15 per cent, about 1½ percentage points more than at the beginning of the year. Short-term interest rates were even higher, being around 17 per cent at the end of 1979, as compared with 11½ per cent when the year began.

The general level of ordinary share prices rose by nearly 30 per cent during the period just prior to the general election. May in an over-optimistic anticipation of the effects of the return to power of a Conservative Government. However, share prices fell back as the year progressed and the outlook for business activity and companies' profits worsened. By the end of the year, the overall level of share prices was only about 4 per cent more than at the beginning of the year. There were, however, widely divergent trends in the shares of different classes of companies. The shares of engineering companies' shares fell by 20 per cent.

In the property investment market the demand for investment in the better types of property remained strong, and the interest yields on such investments tended to fall over the year.

Of the Society's investments during the year for the long-term business fund, approximately 50 per cent were in British Government and other fixed-interest securities, 35 per cent in ordinary shares and 15 per cent in property. In the general business fund, 80 per cent of the investments in 1979 were in British Government and other fixed-interest securities, 15 per cent in ordinary shares and 5 per cent in property.

There was substantial growth of investment income during 1979, the income being £30.9 million in the long-term business fund as compared with £24.5 million in 1978, and £16.3 million in the general business fund as compared with £12.2 million in 1978. The main reasons for these big increases were the high interest returns on investments in British Government and other fixed-interest securities and the large uplifts in the ordinary share dividends paid by many companies following the lapsing during 1979 of statutory restriction of increases in dividends.

The total value of the Society's investments at the end of 1979 on the basis prescribed by Regulations under the Insurance Companies Act 1974 was substantially in excess of the value at which they are stated in the accounts.

The distribution of the investments is markedly different as between the long-term business fund and the general business fund. This reflects the different nature of the liabilities of the two funds.

The long-term business fund represents the long-term savings of the Society's life assurance policyholders, the whole of the profits of this business, which arise largely from investment income, being used for their benefit. Substantial proportions of the fund are invested in ordinary shares and properties, where there is the prospect of long-term growth of income and capital values which will help to

preserve the real value of the policyholders' savings in an inflationary period when money is losing its value.

The general business fund represents the amounts held at the end of 1979 to meet claims under motor property and other non-life insurances then in force. The liabilities of this fund will therefore arise very much sooner than those of the long-term business, and the major proportion of the fund is invested in shorter-dated British Government and other fixed-interest securities.

The most noteworthy feature of the year was the big increase in new business. The annual premium income on new policies was £39.5 million, over 40 per cent more than in 1978, which was itself a good year for new business. The new sums assured (including the capital value of income benefits) were £1,042 million, over 50 per cent more than in 1978. Part of a special new sums assured in a year has been reached. The increase in new business was particularly marked in the industrial section, where the annual premium income on new policies, at £24.9 million, was 50 per cent greater than in 1978. Although there was a special situation, to which I refer below, which had some influence on industrial life insurance in 1979 and affected all offices transacting that business, the outcome was very good. The annual premium income on new ordinary life policies was £14.2 million, 29 per cent greater than in 1978. The percentage increase in new premium income achieved by the Society, in both the industrial and the ordinary sections, was materially better than the corresponding increase in the business of the insurance industry as a whole. These results reflect great credit on the agency force and on those concerned with the management of the life assurance business.

The total life assurance premium income also grew substantially, rising by £35 million to £132 million in 1979 from £97 million in 1978. Part of this increase, however, was of a special character, being a consequence of the introduction in April 1979 of the new system of granting tax relief on life assurance premiums. Under the new system policyholders deduct the tax relief from the premiums they pay the net amount to the insurance company, which recovers the amounts so deducted in bulk from the Inland Revenue. Because of the excessive amount of new business, the amount of tax relief payable in 1979 has been involved in adjustments of the premiums on the many millions of small industrial life policies in force when the new system was introduced, there were special arrangements for the existing industrial life policies with a premium of £4 a month or less. The premium was statutorily increased, with an appropriate increase in the benefits under the policy, so that the net amount payable after deducting the tax relief was the same as the premium payable before April 1979. The amount of tax relief recovered by the Society from the Inland Revenue in respect of such policies in 1979 was £11 million, which helped to increase the growth in premium income to the record level achieved.

Where the premium under an industrial life policy in force in April 1979 exceeded £4 a month, the policyholder had the option of deducting the tax relief from each premium, or continuing to pay the same amount to the Society and having an increase in the benefits under the policy, as in the case of the smaller industrial life policies. I am delighted to say that almost all the policyholders to whom this option was available showed their confidence in the Society by choosing the second alternative of continuing to pay the same amount to the Society and receiving increased benefits.

Since April 1979 new industrial life policies have been issued on the basis that the premium payable is the net amount after tax relief. On this basis the same amount of premium will continue to be paid when the rate of tax relief changes, and the necessary adjustment will be made in the benefits provided by the policy. This method of accommodating the new system of tax relief has great administrative advantages, but it also afforded our agency

force and prospective policyholders the opportunity of considering larger policies, which are more appropriate in any inflationary era, than they might otherwise have done. This was a desirable factor in the big expansion of new business in the industrial section in 1979.

The surplus on our life business has again risen and I am pleased to announce increases in our bonus rates. In the ordinary section, rates of reversionary bonus have been increased from 4.20 per cent to 4.50 per cent for assurances and from 7.75 per cent to 8.50 per cent for pension annuities and retirement benefits. In the industrial section, the rate of reversionary bonus on the main tables has been increased from 2.60 per cent to 2.75 per cent. There have also been improvements in our terminal bonuses, which for ordinary section assurance policies now range from 0.6 per cent of the participating sum assured for policies with four complete years' premiums due and paid to 1.07 per cent for policies with 50 or more complete years' premiums due and paid. In the industrial section, terminal bonuses on the main tables range from 0.4 per cent to 7.5 per cent.

The premium income increased by £11.6 million, from £53.3 million in 1978 to £64.9 million in 1979.

The severe winter conditions in the early part of 1979 brought an increase in the number of claims. The additional claims cost compared with that which might have been expected in a normal winter has been estimated at roughly £1.2 million. There was again a marked escalation in the cost of claims, aggravated in the latter part of the year by the increase from 8 per cent to 15 per cent in the rate of re-adequated tax. The account shows an underwriting loss of £2.6 million, but after bringing in the investment income on the technical reserves it shows an operating profit of £6.6 million compared with £5.8 million in the previous year.

The new motor vehicle policy to which I referred last year has been well received. The simplified wording makes the policy much easier to read and understand, and we believe that this will be especially helpful to policyholders when they have to make claims. The wider form of cover provided by this new policy has now been extended to all our existing policyholders.

We are continuing the system of renewal of policies at 20 per cent, whereby policyholders who have been insured with us for a few years and whose premiums have substantially contributed to the surplus in our motor account are entitled to participate in the surplus by means of a discount from the next renewal premium. The special discount will be at the same rate as that declared last year. Thus a discount which under our points rating system is equivalent to a deduction of one point (just under 6 per cent) will be granted on all individual policies for motorists whose policies fall due for renewal between 1st July 1980 and 30th June 1981 and who at the date of renewal have been insured with us for at least three years.

Our motor premium rates have not been increased since July 1978, but with the current increase in the rate of inflation and the additional costs which are directly affecting motor insurance claims, it will clearly be necessary to increase our premium rates substantially from July 1980.

Property Insurance  
The premium income increased by £11.5 million, from £41.7 million to £53.2 million. The unusually severe weather in the early months of 1979 had a much greater effect on the property account than on the motor account, and there was a further setback at the end of the year as a result of the flooding in South Wales and South West England. The result is that the account shows an underwriting loss of £0.9 million compared with a profit of £0.6 million in 1978. After bringing in the investment income on the technical reserves there is an operating profit of £2.1 million compared with £2.7 million in 1978.

Other classes of Non-Life Business  
The premium income from the other classes of non-life business increased by £1.1 million to £13.1 million and these classes produced an underwriting loss

of £0.1 million. After bringing in the investment income on the technical reserves there is an operating profit of £2.1 million compared with £1.2 million in 1978.

The general reserve, which at the end of 1978 stood at £45.3 million, has been increased by transfers of £2.8 million from the long-term business fund and £5.0 million from the profit and loss account, thus producing a general reserve as at the end of 1979 of £53.1 million. As a consequence of the substantial growth in general business premium income, the general reserve as a percentage of that premium income has fallen from 42½ per cent at the end of 1978 to 40½ per cent at the end of 1979.

The Society is particularly conscious of its important role as insurer to the co-operative movement, and has always paid particular attention to the insurance needs of co-operative societies. Because of the changes which in recent years have affected both insurance and retailing, we have in 1979 made a special review of retail societies' insurance requirements. As a result we shall be launching in 1980 a completely new Co-operative Society Policy.

The new policy sets out in one composite presentation the full range of insurances necessary to service the modern requirements of the retail society. An important objective has been to make provision, within the standard policy wording, to include the widest possible cover, and to do so in a way which can be easily adapted to the special needs of individual societies.

The premium rating structure is being simplified for the purpose of the new policy, whilst ensuring that the principle of ensuring that the cost of providing insurance is shared equitably between one society and another. Societies will benefit in a number of ways, including a saving in the time spent on their insurance and in reviewing their insurance.

Steps have been taken to strengthen and co-ordinate the support given to our Regional Managers who are personally responsible for the servicing of co-operative societies' insurances. These measures, together with the introduction of the Co-operative Society Policy, will mean that the CIS will continue to be the natural insurer to all sections of the co-operative movement, offering a range of insurances specially adapted to the needs of co-operative organisations on particularly favourable terms.

The Society has declared a dividend at the rate of 20 per cent to the CIS and its member societies, and at the rate of 10 per cent to other co-operative societies, on the net cash received from them during 1979 for general premiums covering their own risk.

During the year Mr. S. J. Phillips retired from the Board and Mr. E. Stafford was appointed to fill the vacancy. Mr. Phillips had been a Director of the CIS for 13 years and we thank him warmly for his devoted service to the Society over that long period. His last few years have, unfortunately, been marred by ill-health and we hope that in a well-earned retirement, his health will improve.

We welcome Mr. Stafford as a Director of the Society and are confident that he will make a valuable contribution to the work of the Board.

As I indicated in my opening remarks, I believe that the Society is well prepared to face the challenges of the future. With the high level of professionalism shown by our management team and the hard work and loyalty of employees and full-time agents, we shall surely consolidate our position further, whatever the economic future holds in store for us.

As always, our main objective is clear. We are proud to be a part of the co-operative movement; we cherish its principles and ideals and we shall continue to apply them in transacting our business for the benefit of all our policyholders. The report and accounts were adopted.



## UK NEWS

# Plan to boost industry by public purchasing

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A LONG-TERM PLAN to use public purchasing to improve the competitiveness of British goods at home and abroad has been approved by the Cabinet, and is being put into action by Sir Keith Joseph, Industry Secretary.

Broad areas such as office technology, medical electronics, energy conservation, and telecommunications are likely to be among the first selected for the plan.

Companies will be invited to discuss with Government Departments and nationalised industries how they can jointly develop new products which will be needed in two or three years time, and which could win export orders as well as being used in the UK.

Sir Keith has pushed the plan

through Inter-Departmental committees and the Cabinet despite some opposition from the Treasury and other Ministers in Whitehall. He is writing to the chairman of national industries for which he is responsible, such as the Post Office and British Aerospace, asking them to consider what they can do. He has also asked Ministers heading other Government Departments to do the same.

The intention is that instead of specifying precisely what equipment is needed, Government agencies would state only their objectives and would then work with the suppliers on design.

In addition to the broad areas, some more specific projects are being canvassed. They include a magnetically propelled trans-

lator to link Birmingham airport and the National Exhibition Centre, a "teletext" system for the deaf, and the use of robotics in the motor and other industries.

Sir Keith will be stressing that he does not intend to launch a "Buy British" campaign. But part of the objective will be to give British manufacturers a larger share of the public purchasing market, which is estimated at nearly £20bn a year.

The Government hopes to develop long term relationships with the companies involved. But it is being careful to keep within EEC and GATT rules about open competition, which means work may have to proceed with more than one company.

## Fife carpet-maker James Meikle goes into liquidation

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE SCOTTISH Development Agency yesterday suffered the failure of its sixth equity investment when James Meikle and Co., the carpet-manufacturer, went into liquidation.

The company's directors called in the receiver after seeing their market share eroded steadily by imports in the past year and a period of intense price competition from larger UK producers in recent months.

The agency's managing director, James Moss, managing director, hoped some of the 300 jobs in the company's two factories, in the Kirkcaldy area of Fife, could be saved. He expected a statement from the receiver in a few days.

The closure was described as "a disastrous blow" by chairman of the local council, Mr. Robert King. He said Kirkcaldy district had lost 2,000 jobs in the past year.

The agency took a 25 per cent stake in Meikle, an old-established family company, in 1977, putting in £200,000 in equity and £315,000 in a loan secured on the company's premises.

The money was used to re-structure the company, which also brought in new management, and to improve its design range. But, in spite of some increase in sales, Meikle found it difficult to make headway. It reported a £189,000 loss last year.

Under new, stricter guidelines introduced for the agency

last October, the Government limited aid available to Meikle. But the directors felt more cash might not have been sufficient to keep the company afloat.

The Scottish Office watches carefully the performance of agency subsidiaries. It restricted finance to at least one other company, Stonefield Vehicles, the subject of takeover negotiations.

The SDA said that, in common with other small carpet-manufacturers, Meikle had found it impossible to compete with U.S. imports. These were selling at less than UK production costs in spite of a 23 per cent tariff barrier.

This was because of the relative strength of sterling against the dollar and the much lower price of oil-derived yarns and backing materials in the U.S.

Trifford Carpets, a Manchester manufacturer, has given undertakings to the Director-General of Fair Trading that its goods may be sold at prices retailers decide and that it will not discriminate against any retailer selling at a lower price.

The undertakings are among few clear-cut cases where the OFT has acted under the Resale Prices Act, 1976, against companies attempting to operate resale price maintenance. The OFT is expected to use the new Competition Act to investigate other RPM allegations.

## New Co-op chief named

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE NEW chief executive of the Co-operative Wholesale Society, the biggest wholesaling organisation in Europe, will be

Mr. Dennis Landau.

Mr. Landau, the present deputy chief executive, will succeed Sir Arthur Sugden when he retires on his 62nd birthday in September.

Mr. Landau joined the society from Cadbury-Schweppes in 1971 as food controller. He was appointed deputy chief executive in 1974.

The CWS, which had sales of almost £1.7bn last year, is the manufacturing and wholesaling operation of the UK co-op movement. It is owned by the 201 retail societies and supplies about two-thirds of their needs.

DARJEELING DEFRAUDED OF £181,000

## 'Share-shuffling' probe backs stiffer penalties

BY ANDREW FISHER

A CONFUSING tangle of allegedly fraudulent share deals, asset-stripping, criminal deception, and disregard of shareholders' interests is unravelled by the Department of Trade in its long-awaited report on Darjeeling Holdings.

The former tea company was defrauded of £181,000 after control passed to its new owners in the early 1970s, with a further £57,000 "dissipated in a wide variety of abortive projects," says the report.

As a result outside shareholders lost £112,000, say Mr. Peter Millett and Mr. Ian Bowie, the two department inspectors. Most of this benefited companies controlled by Mr. Frank Farrow, a financier, and Mr. Ram Kapur, an Indian businessman.

The inspectors recommend changes in company law at the end of their report, which was completed in 1978.

They called it an interim report because their inquiries remain incomplete—Mr. Farrow now living in Andorra, has evaded their attempts to speak to him.

One of the suggested legal changes would extend penalties against company officials who make misleading statements to officers of subsidiaries or holding companies, including those based overseas.

The other would make it easier to discover the identity of shareholders who hide behind nominee names, especially if these are outside the country.

As well as their bulky report on Darjeeling, now in liquidation, the inspectors also chronicle the business dealings of Mr. Farrow and Mr. Kapur.

Mr. Farrow, they say, "offered us no reasonable opportunity to interview him." They said they understood that he was an Armenian, born and educated in India. Mr. Farrow and Mr. Kapur both left the UK in 1976.

The inspectors say the two men had no regard for the interests of their companies and of their outside shareholders. Instead, they subordinated those interests to their own.

As well as Darjeeling, the other companies which came within their orbit were Data Investments, Central Provinces

Mangness Oore (CPMO), Vivalia, Tamlin, Woodend, and Adamstown.

The report describes Mr. Farrow as "a clever and astute financier, particularly adept at share-shuffling," and Mr. Kapur as "a shrewd man of business," who saw in Mr. Farrow a brilliant associate.

One of their interests was Veeraswamy's, the well-known Indian restaurant in London's Regent Street. Data acquired this for £350,000, which the inspectors saw as an inflated price, from a company owned by Mr. Kapur and Vivalia.

But outside shareholders in the Farrow-Kapur companies suffered greater losses on the transfer of large stakes in CPMO and Darjeeling to Data and on certain securities deals.

Mr. Farrow, Mr. Kapur and their associates—these included the late Sir Oliver Goonetilleke, a former governor-general of Sri Lanka—faced losses of around £535,000 CPMO and Darjeeling stakes in 1973, but ultimately bore little if any part of these.

Some £722,000 in cash was also extracted by them from the public companies, say the inspectors. "In exchange for their own less than readily marketable securities."

### Conspiracy

In their Darjeeling report the inspectors say the machinery employed to carry out the fraud on that company "bears his (Mr. Farrow's) hallmark and was probably devised by him."

"There are strong prima facie grounds for regarding Mr. Farrow as a knowing participant in the criminal misappropriation of the company's funds," and in breaches of the Companies Act, they say.

Three other men, Mr. Frank Brockley, who was involved in negotiations involving Darjeeling, Mr. Robert Fleming, who was chairman of the company, and Mr. Donald Williams, an associate of Mr. Judah Bin-

stock, the financier now in self-imposed exile, are also criticised by the inspectors.

The inspectors say there was prima facie evidence that they were the principle parties to the conspiracy. But there was no evidence that Mr. Binstock was responsible for the scheme.

It was in 1972 that Mr. Farrow, Mr. Kapur and others bought an effective controlling stake of over 35 per cent in Darjeeling.

They then sold it to Data Investments, also under their control and made it into a cash shell.

The main purchases (two were of Gwrych Castle in North Wales and Carr Mill Dam, a development site near St. Helens in Lancashire. Each was bought from Pathfinder, a nominee company in the Isle of Man).

By this time, there had been "an apparent sale of the effective controlling shareholding to another nominee company" on the island, Firehall.

The inspectors say the Gwrych Castle and Carr Mill purchases "seemed neither straightforward nor honest." "We are satisfied that they formed part of fraudulent and dishonest scheme designed to extract money from the company (Darjeeling)."

This was apparently to finance Firehall's purchase of the effective controlling stake in Darjeeling from a company in the effective control of Mr. Farrow, Mr. Kapur and associates.

This money was in turn used to defray most of the cost of buying Darjeeling. "Because of the clear evidence of fraud," the inspectors submitted a report to the Secretary of State for Trade.

They also stated that Mr. Albert Hill, an accountant who sat with his son as sole directors of Firehall, was a party to a deliberate conspiracy to deceive Darjeeling's auditors and Department of Trade inspectors themselves.

Neither the Department of Public Prosecutions nor the City of London Fraud Squad are looking into the Darjeeling affair. The reasons, it is believed, are lack of evidence and the absence of several of the main participants.

## CBI supports Finniston plan

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

A MODIFIED Engineering Authority, independent of Government, is supported by the Confederation of British Industry in its verdict on the Finniston report.

The recommendation is in line with that of the Engineering Employers' Federation and the major professional engineering institutions.

The CBI wants at least four out of 15 authority members appointed in consultation with bodies representing employers in manufacturing industry, and at least three members could be non-engineers. The institutions, on the other hand, say they should nominate a majority of the authority's membership.

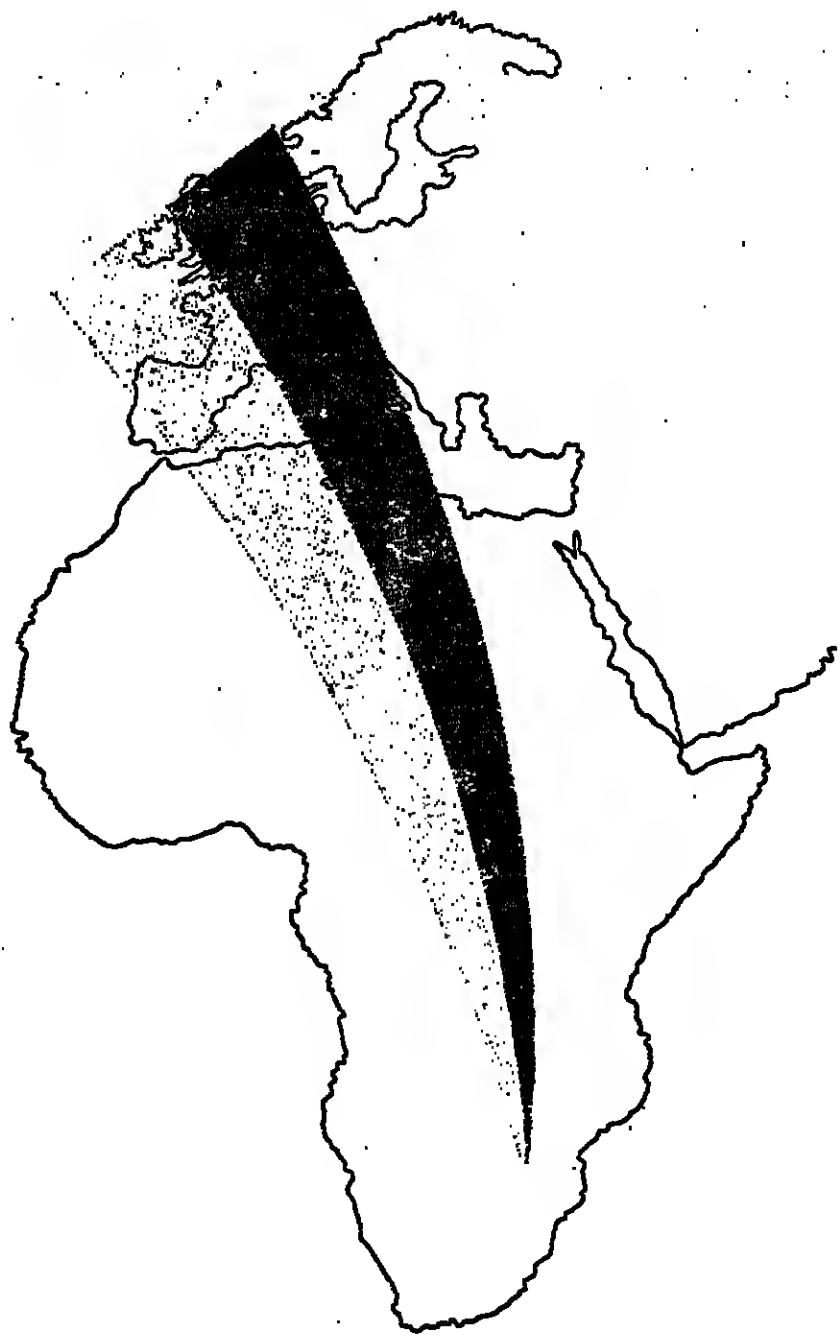
Finniston and the CBI both believe an authority should be responsible to Parliament—but Finniston believes it should be through a departmental minister while the CBI favours the Privy Council.

The CBI also says it would have "unduly expensive and bureaucratic" for the authority, as suggested in the Finniston report, to take over many of the functions of the major engineering institutions, leaving them largely as learned societies.

The CBI believes the authority is necessary to both promote the "engineering dimension" and oversee the engineering profession. It should establish "general

standards of experience, education and training necessary for the registration of individuals and then accredit suitable institutions to apply them on its behalf." A major aim should be to nationalise present institutions, and the Council of Engineering Institutions would cease to exist.

The CBI is anxious that the setting up of the authority should not be unduly delayed. It therefore recommends forming a "shadow" authority to work in consultation with the industry, professional bodies, employers and others on defining the precise function of the eventual chartered body.



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## Answers for the 80's







## UK NEWS

## Bank to run hotel credit scheme

By Ray Peman, Scottish Correspondent

THE Bank of Scotland is extending its activities in the credit card business by operating a card service for Thistle Hotels, part of the Scottish and Newcastle brewery group.

The bank has been looking for ways of making more use of its finance house subsidiary, North West Securities, and its large computer services division. Last year it agreed with Marks and Spencer to run its credit card system in Scotland and the North of England and with C and A Modes to operate its customer credit for the entire UK.

Mr. John Wilson, the bank's joint general manager, said yesterday the decision to expand its credit operations could attract criticism in view of the continuing restraint on lending urged by the Bank of England.

But the Bank of Scotland was convinced that, if it had refused the opportunity offered by Thistle, someone else would have taken it up.

"We were not prepared to see a major development by one of our best customers handled by one of our competitors."

The card can be used in any of Thistle's 31 hotels. Bills can be paid interest-free within 25 days from the receipt of the statement, or by monthly payments of 5 per cent or £10—whichever is the greater—at a rate of 2.25 per cent a month—the same rate charged for other credit cards, such as Barclaycard and Access.

An unusual feature of the system is that customers can use the card to draw up to £50 in cash. Thistle intends to promote it by offering users a range of discounts.

A £1m research and development laboratory to improve new product design was opened yesterday by Weir Pumps, the UK's largest pump manufacturer, at its plant in Alloa, Clackmannanshire.

The laboratory, part of a £12m investment by the company over the past three years, contains equipment to simulate conditions under which pumps are expected to operate.

## LASMO may join bidding for latest North Sea licences

By Ray Dafter, Energy Editor

LONDON and Scottish Marine Oil Company, an independent UK oil explorer with a share in the North Sea Ninian Field, said yesterday that it may join two or three new consortia which will bid for offshore licences in the next few months.

The company said it would like to be the operator—leader of a licence group—for one of the bidding consortia. The Government is expected to announce details of its seventh round of offshore licences today.

Mr. David Howell, Energy Secretary, has already said he wants to encourage independent British oil companies, such as LASMO.

Success for LASMO in its licence applications, particularly where it plans to be the operator, will help consolidate its North Sea interests.

Mr. Geoffrey Searle, chairman, says in the company's annual report published yesterday LASMO intends to "pursue an energetic exploration and development programme, particularly in the North Sea."

The recent merger with another independent, Oil Exploration (Holdings) has created a group of "new dimensions with many exploration interests and with oil and gas production in the North Sea and the U.S."

LASMO, which made a pre-tax

profit of £23.4m last year—£20.9m was attributable to Ninian production—says it has increased its technical staff to meet the "challenge of this increasing activity."

Details of conditions for the seventh round licence are likely to favour smaller companies. It is understood that Mr. Howell has opposed suggestions that some of the blocks should be auctioned. He felt that an auction, implying a hefty down payment, would favour multi-national companies, with plenty of cash.

It is also possible that the licence conditions will enable smaller companies to be operators during the exploration phase, but will give them the option to hand over the operation of the fields to larger companies for the more difficult phase of oil field development.

In recent months many new exploration consortia have been formed in preparation for the seventh round, which is likely to include between 90 and 100 blocks.

A feature of these consortia is a high degree of UK representation. It is known that a number of foreign companies have formed new consortia containing UK interests in the hope of improving their chances of being awarded new licences.

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The report notes continuing low margins in the take-home trade, and poor demand for wines, spirits, hotel and catering supplies.

In spite of the weak position of these activities and reliance on tied public house beer sales, Mr. Mitchell believes the industry's profits this year will be comparatively good.

The majority of increased profits will be made in the next six months. Most brewery companies are likely to raise dividends.

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## Sealink boosts net profit to £6m

By Lynton McLain

SEALINK UK, the Scottish Rail ferry company, which the Government has agreed to permit a 25 per cent increase in its net profit last year, made a net profit of £6m in 1979, 25 per cent more than in 1978.

Trading profit was £13.7m on turnover of £194m—£23.7m from shipping and £4m from harbour interests. Trading profit in 1978 was £12.2m.

The price war in the passenger and car sectors started in January—too late to affect Sealink's 1979 results, published in the annual report yesterday.

But price cutting had a dramatic effect on the volume of traffic. The largest rise was

in February, when passenger and car volume for all operators rose 50 per cent on the French routes. Growth fell in March and April, but was still 15 per cent higher than in the same months last year.

The roll-on roll-off freight lorry sector has not been subject so far to price cutting. But Sealink said: "Hauliers are already asking for parity of treatment with the private motorists."

Rising capacity—up by a third—in roll-on roll-off ferries and falling demand from hauliers because of the trade recession are expected

to force Sealink and its major competitors—European Ferries, P and O and Lauro, a Danish company—to introduce lower freight rates to attract business.

Sealink will have two new ships in the short sea Channel routes by the end of the year. European Ferries already has one new ferry and another will start later this season. P and O is adding a ship to its fleet.

Last year was the first in which Sealink had to operate as a limited company to a financial target agreed between British Rail and the Government. This calls for Sealink to "progressively

improve" its financial performance, to make a real return of 5 per cent on the value of its net fixed assets by 1982 after adjustment for inflation and before interest and tax.

Mr. Michael Bosworth, chairman, said the company achieved a real return of 11 per cent last year—"in line with our forward plans." The 5 per cent target would be a challenge.

The Government is expected to make a formal statement on the future of Sealink and British Rail hotels and property subsidiaries later this month. A Transport Department

British Railways Board and Sealink working party has nearly completed final recommendations in Mr. Norman Fowler, Transport Minister, on the options for involving private capital in these subsidiaries.

The Government is considering forming a holding company for these subsidiaries, in which it would hold a minority of the share capital.

Changes in statutes controlling the companies' activities will be needed through legislation, giving them much greater commercial freedom to raise capital and develop as private enterprises.

## BL to decide soon on doubling Maxi output

By John Griffiths

BL IS TO decide in two or three weeks whether to proceed with plans to increase output of the Austin Maxi from 200 to 450 a week and of the Princess from 400 to 450 a week.

Sales of both cars have benefited from BL's "Buy British" campaign, which ran from January to March. A further 10 per cent price reduction on the Maxi, which will continue through the summer, has lifted its sales to more than double the level before the cut. In March, 8,749 were sold, giving the car a 44 per cent of the market and fifth place in the "top ten" list of best sellers.

Trend

BL executives want to confirm that the trend is being sustained before deciding to raise output at the Cowley plant where the cars are built.

A similar discount scheme began on BL's main fleet car, the Marina, at the start of April. The Marina's sales are also understood to have risen sharply from the 10,346 cars sold in March. The car was then fourth in the top ten.

The Marina reduction scheme will start at the end of next month. It is mainly intended to clear stocks before the launch of replacement models in July.

In spite of these selective

incentives, BL's share of the UK market is slipping from the 23.74 per cent recorded in March. In the first three weeks of April it dropped to less than 18.5 per cent.

BL attributes the drop mainly to the end of the "Buy British" campaign. There were subsequent disruptions caused by stoppages resulting from Sir Michael Edwards' decision to impose the pay and conditions package in early April.

If Cowley's output is increased, it would only restore it to the pre-December level, when mounting stocks led the company to cut back and warn that voluntary redundancies would be needed.

Lay-offs were made at Cowley and other plants in March because stocks in February were still high. Since then BL has been running short of Cowley-built models.

While a few redundancies have already occurred, unions have been told that a further loss of jobs might not be necessary. But Cowley has considerable flexibility on output levels, and a decision to increase production could be reversed if demand again subsided.

The UK market is showing signs of the long-predicted shrinkage. After a record first quarter, sales this month are expected to be 112,000-115,000, compared with 125,000 in the same period last year.

## New checks 'needed' on car repairs

By Eric Short

INSURANCE companies should examine more closely the costs of repairing cars after accidents, Mr. David Thomas, general manager of the AA Insurance Service said yesterday.

At the launching of three new motor insurance contracts, Mr. Thomas said motor repairs in the UK cost more than £500m a year. Yet there seemed to be no fixed rates for any job. In many cases, where the claim cost was below a certain figure, there was no inspection of the damage by an insurance company inspector.

Mr. Thomas said he would like to see some checks on repairs made before the work started, some while it was in progress and others after completion, with no set pattern or value-imposed limits.

If insurance companies were to slow down the rate of increase of motor premiums they had to initiate action now. This was one area in which costs could be contained.

The AA Insurance Services, through which 420,000 motorists are effecting their insurance, had expanded its motor insurance range by offering a new scheme for the younger driver with some experience, a top-up policy to complement the policy, and a no blame discount instead of the usual no claim discount.

## Ulster devolution plans for Cabinet committee

By Stewart Dalby

PLANS FOR political devolution in Northern Ireland are expected to be put before the Special Cabinet Committee shortly. They follow protracted talks at Stormont, among the Government and the three main constituency political parties in Ulster, which ended on Easter.

It seems Mr. Humphrey Atkins, Secretary of State for Northern Ireland, who chaired the 31-month talks, has amended his earlier opinion about the impossibility of imposing a fully devolved local assembly because of diametrically opposed views among certain politicians about power-sharing.

Mr. Atkins and Northern Ireland Office officials are turning to the view that the Government might try to impose a Cabinet-style local government for Northern Ireland, backed by a legislature elected either by proportional representation or straight majority rule.

This body would have power over the same areas as the old devolved Stormont Government abrogated in 1972. It would control education, housing and most other departments of local government but not finance, defence, or foreign affairs.

The way such a legislature would differ from the old Stormont assembly, which was dominated by representatives of the 1m largely Protestant Unionists, is that new, special safeguards for the minority of 500,000 Roman Catholics would be built in.

These could include weighted or substantive majorities in voting in the assembly, and a Bill of Rights. But it has been suggested the Secretary of State would retain most of his powers over areas like security and job discrimination, and that all parties would have right of appeal to him.

It had seemed unlikely that Mr. Atkins would opt for this kind of formula in the face of Mr. John Hume, leader of the Social Democratic and Labour Party, the main Catholic representative at the talks. Power-sharing at Cabinet level, if this were to be the form of government, was his minimum demand.

A devoted assembly with an Executive would be a victory for Mr. Ian Paisley, the main Unionist representative at the talks. He insisted there could be no power-sharing at Executive level, and that safeguards must be built in lower down.

Much will depend on whether Mr. Hume can accept anything short of power-sharing. Between now and the time he has to make a decision, much could change. After the Special Cabinet Committee the full Cabinet has to approve proposals.

If it does, it seems likely a Green or White Paper will be published in the summer. This would be followed by discussions with political parties. Definite proposals could be contained in the Queen's Speech in November.

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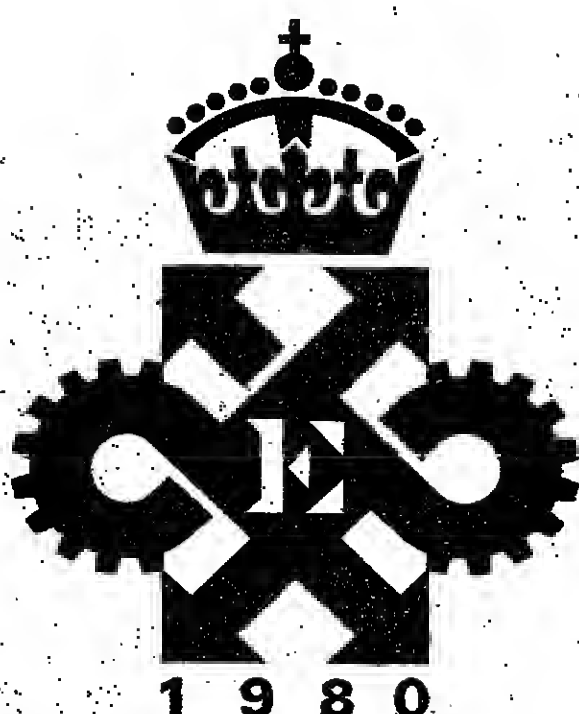
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# Laker bids for more flights to the U.S.

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

LAKER AIRWAYS, which has just been awarded the Gatwick-Miami air route, is applying to the Civil Aviation Authority for further U.S. flights, to Tampa and Orlando in Florida, and to Detroit and Baltimore.

Laker also wants to widen existing Skytrain services to New York and Los Angeles. It hopes to carry passengers between those cities and Manchester, Glasgow and Prestwick. At present Laker is limited to Gatwick in the UK.

The applications are among a large number of bids by several UK airlines for additional U.S. destinations in the wake of the recent Anglo-U.S. air agreement which widens the scope for air services between the two countries.

British Airways, which already has extensive U.S. services to New York, Boston, Chicago, Miami, Seattle, San Francisco and other major points, has asked for direct flights to Cleveland, Kansas City, Minneapolis/St. Paul, Pittsburgh and Tampa. British Caledonian Airways, which yesterday started its new service to St. Louis, has asked for rights to San Juan in Puerto Rico and to Minneapolis/St. Paul.

British Midland Airways, a major independent airline, has asked for a service to New York from Birmingham and Belfast.

The Civil Aviation Authority has called a public hearing into all these applications, in London on May 14 to 16 and May 19, 21 and 22, with plans to extend if necessary.

The hearing will be one of the most important held by the authority since the big European route hearings late last year and the Hong Kong route case earlier this year.

## Nimrod ready for trials

THE FIRST of a fleet of 11 Nimrod airborne early warning aircraft was rolled out of the British Aerospace factory at Woodford, Cheshire, yesterday, writes Michael Donne.

Developed from the anti-submarine version of the Nimrod— itself a derivative of the Comet jet— the aircraft is a cost of several hundred million pounds, the 11-strong Nimrod AEW fleet will be able to detect enemy aircraft approaching the UK's "back door" over the North Atlantic. The early-warning Nimrods

In every application, there are objections and representations from other airlines—with everybody virtually objecting to everyone else's bids. The hearings are likely to be lengthy, complex and abrasive.

Much of the UK airline's interest in the U.S. market at this time stems from expanding business and tourist links between the two countries, especially in the light of the weakness of the dollar against sterling, which makes the U.S. a popular tourist destination.

have been rebuilt, with a bulbous nose containing sensitive radar equipment. They are also fitted with extensive aircraft detection, tracking and anti-jamming devices. Their task will be to direct defending fighters, such as Tornado jets, to the incoming enemy aircraft. The first aircraft will undergo extensive flight trials before being handed over to the RAF for service in 1982. The new Nimrod aircraft will work closely with the Boeing E3A Sentry airborne early warning aircraft that are being bought by other NATO countries for European defence.

## Offer for Singer factory

By Ray Perman, Scottish Correspondent

THE Scottish Development Agency has made a firm offer for the 80-acre Singer factory in Clydebank, which will become vacant when the company stops UK production of sewing machines in June.

Mr. Lewis Robertson, the agency's chief executive, confirmed the offer yesterday when he announced a £4m plan—the first phase in an environmental and industrial improvement programme for the town. Extra agency money would be made available to back the offer for the Singer plant.

Mr. Robertson said substantial demolition and renovation work would be needed to realise the potential of the Singer site, and the price offered to the company reflected this.

The agency is also in the final stage of negotiation with a carton manufacturing company which is interested in taking over a vacant 52,000 sq ft factory.

Revitalising Clydebank's industry will entail a long-term strategy, but there is an immediate need to redress the balance of industrial property available to small businesses, said Mr. Robertson.

The right sizes of factories and workshops have not been available to encourage new ventures and allow smaller local firms to expand.

# Investment plan lightens gloom in Ulster synthetic fibres industry

IN THE last year 1,367 jobs have been lost in Northern Ireland's man-made fibres industry. But the gloom in the industry has been lightened recently by the announcement that Akzo, the Dutch company, plans to inject between £30m and £40m into its British Enkalon plant in County Antrim.

Neither Akzo nor British Enkalon have given details of the plans. They say their strategy is not yet fully worked out.

The Antrim plant, which has made a loss for the last four years, makes nylon textile yarns, polyester yarns, carpet yarns and nylon industrial yarns.

Much of the blame for the decline of the synthetic fibres industry—with heavy redundancies announced by Ulster manufacturers including ICI and Courtaulds—has been put on U.S. imports of polyester textile yarn and carpet yarn.

But union officials, who have spent months discussing redundancy terms with the companies, say the major producers have not invested enough in modern machinery in recent years, with the result that the Northern Ireland plants have become candidates for closure.

The current attempt by British Enkalon to modernise its plant, which employs about

2,000, defended its ability to persuade Akzo, the chemical and fibres group, that a steady programme of investment in the complex will pay dividends.

Mr. Rolf Schierbeek, deputy chairman and chief executive of the British company, told workers at Antrim in January that Akzo would need to spend up to £30m to ensure the plant's future. Modernisation was vital but the investment could only go ahead if the Northern Ireland operation was seen to be viable and capable of delivering the goods.

restructuring of its synthetic fibres activities. "Akzo is massive injection of funds. We are just establishing the framework."

Last year deliveries in the UK at 890,030 tonnes were 3 per cent less than the figure for 1978, while production at the plant was down 2 per cent. Mr. Schierbeek said this week. "But 596,310 tonnes was down 2 per cent. The last major boom was in 1973 with 725,000 tonnes being produced."

as "totally inadequate" with quotas still too high and placing jobs at risk.

In Europe the synthetic fibres industry made a combined loss of about £250m last year, according to estimates released by Enka, the largest European fibres manufacturer, which is also owned by Akzo. The group warned that the industry was in for a "rougher time than in 1978."

Since 1975 Enka has reduced its workforce in West Germany and Holland by 12,000 or nearly 30 per cent as part of its attempts to cut capacity and regain profitability.

It may seem surprising that Akzo decided to invest heavily in the Northern Ireland plant, whose productivity is lower than that of its European counterparts.

But Akzo said this week: "We regard Antrim as one of our core sites within the context of our European fibre strategy."

"At Antrim we have comparatively low production costs. In order to accomplish the highest possible efficiency much of the equipment at Antrim has to be modernised," he said.

"Antrim is a core site also because of its close connection with the very important British market and we do not want to supply the UK market from continental production facilities only."

LISA WOOD looks at the Northern Ireland man-made fibres industry, where more than 1,350 jobs have been lost in the past year.

Successive annual wage agreements at Antrim have concentrated achieving better productivity. This will again figure prominently in forthcoming negotiations towards a renewal of the agreement in June. The labour force has been trimmed through natural wastage.

Akzo, with a 71 per cent share in British Enkalon, appears to have been persuaded that an investment in the plant, which opened in 1963, could be worthwhile if the plant could be integrated into the Dutch company's long-term

Last year the industry was under severe pressure because of a decline in domestic textile production and increased fibre imports. The new quotas on imports, recently announced by Mr. John Nott, Secretary of State for Trade, were 9,100 tonnes for polyester filament yarn—compared with imports in the final quarter of 1979 running at an annual rate of 15,600 tonnes—and 7,500 tonnes for nylon carpet yarn—compared with a 1979 final quarter rate of 8,150 tonnes.

The measures were attacked by the industry and its unions

## Paper industry expects stagnation in demand

BY JAMES McDONALD

THE BRITISH Paper and Board Industry expects demand for its products to stagnate or decline this year while costs and margins come under increasing pressure.

The annual report for 1979 of the British Paper and Board Industry Federation says imports continued to grow in 1979. They now account for half of consumption and are within two per cent of the import record of 1974. UK production was still 8 per cent less than it was in 1974.

An analysis of imports showed that, apart from a sudden surge in shipments from the U.S., some of the most spectacular growth was in imports from the rest of the EEC, rather than from the rest of the world.

The report says, however, that in some grades such as soft tissue and some printing papers, UK mills were working at full capacity nearly all last year. "If more was needed, supplies just had to come from abroad." Also, UK exports had grown to record levels both in tonnage and value.

The industry's greatest difficulty in 1979, however, was the high value of the pound, which has been maintained because of

North Sea oil production.

Packaging board did not share in the general increase in production. It ended last year 2 per cent down on 1978. In this sector, unlined grades performed better than folding boxboards—a sector in which overseas competition, particularly from EEC countries, increased its market share.

Production of corrugated case materials started to improve only in the second half of the year, but finished 1979 with a record production figure which was a gain of about 2 per cent. Converters also achieved a record for production of cardboard cases.

UK production of packaging papers in 1979 was almost the same as in 1978. The 6 per cent rise in consumption was supplied mainly by imports. In the rest of the EEC output rose steadily but there also increased consumption was met largely by more imports, notably from Scandinavia.

Output of printing and writing papers last year was slightly higher but the share of imports of "apparent consumption" reached a "worrying" 50 per cent.

## English wine production likely to increase

BY GARETH GRIFFITHS

PRODUCTION OF English wine is expected to increase considerably this year after poor output in the past three years.

There are 230 English vineyards in production, increasing by 10 to 15 a year. In spite of severe economic pressures, about 80 of the vineyards are considered commercially viable.

Renewed optimism among growers has resulted in an emphasis on quality wines. The English Vineyards Association (EVA) expects about 50 vineyards to enter wines for its control-tests this year. Last year only 16 vineyards entered. The association is trying to give its trademark a status equivalent to the French appellation contrôlée label.

English wine production was worth about £600,000 in 1976,

when vineyards produced about 400,000 bottles. The value has slumped because of lower production. Growers hope to make up the lost ground this year.

English wine sells at £2.75-£3.50 a bottle. It has generally not been taken up by larger retail outlets. The more expensive hotels and restaurants and the better department stores provide most outlets. Vineyards also sell a great deal directly to visitors.

Increased production is helped by lack of EEC restrictions on wine production in England. English vineyards have a special exemption from the Community's wine rules. Favourable weather last July, when this year's vines were planted, has encouraged producers.

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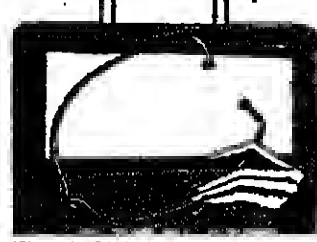
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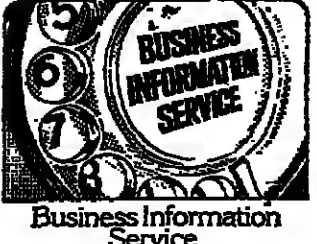
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# UK NEWS—PARLIAMENT and POLITICS

## PM hints of more union curbs

By RICHARD EVANS, LOBBY EDITOR

MRS. MARGARET THATCHER gave a further clear hint yesterday that the Government intends to introduce more legislation curbing trade union power later in the year. She declared in an interview on BBC radio, that "we are going slowly and steadily, to remedy those things that have to be remedied."

The large group of Tory back-benchers who have been pressing for much tougher action than the proposals contained in the Employment Bill now before Parliament.

They will also serve as a warning to Mr. James Prior, Employment Secretary, that he will have to fight hard to maintain his gradualist approach when the Government's Green Paper on trade union immunities is published later in the year.

The present position of the

Cabinet, following the Brexite Conservative Party have received from trade union members for fundamental reform.

"So many members of trade unions were fed up because they did not have a say before they went on strike and because they felt pushed around by some of the union bosses. They wanted more protection."

Mrs. Thatcher was fiercely critical of the "Day of Action" called by the TUC on May 14 to protest against Government public expenditure cuts and economic policies. She denounced the plan as absurd and ridiculous.

She hoped not many people would take part in the protest as strikes and days of action meant that other nations would get the business that should properly go to Britain. This would only increase unemployment.

In her opinion, one of the hardest decisions she had to take since arriving at 10 Downing Street, had been to put up interest rates to 17 per cent. She admitted that it would take time for Tory policies to work through but she gently criticised Mr. John Biffen, Chief Secretary to the Treasury, for his warning that Britain faced "three years of unparalleled austerity."

She referred to the comment as a "Biffenism."

Mrs. Thatcher placed the blame for the current rate of inflation partly on the 100 per cent increase in the price of oil over the last year, and partly on wage rises recommended by the Clegg Commission, which were an over-optimistic forecast of demands in the final months of the Labour administration.

The Labour Party yesterday moved a step nearer adopting import controls on cars as official party policy. The National Executive voted in favour of a motion which called for a total ban on the sale of foreign cars in Britain after 1982.

As an interim measure to stem the tide of imported cars—which the sponsors of the motion claimed threatened to destroy the British industry—the Executive also proposed that, with immediate effect, any car should be put on the sale of all cars containing less than 40 per cent of British-made parts.

The party is already committed to selective import controls but until now there has been no specific reference to the motor industry. Given the fears about jobs in the car industry, however, one of the main aims of the resolution is to try to bring about a resolution through this year's party conference calling for restrictions on the sale of foreign made cars.

If passed, it would then go into the pool of party policies from which the manifesto is drawn—though the present leadership would probably resist any such specific commitment.

Mr. James Callaghan, the party leader, was not at yesterday's meeting, but with the exception of the Young Socialist member of the Executive, all those present apparently agreed with the principle of the resolution and maintained that urgent action was needed to save the British car industry from disaster. Mr. Anthony Wedgwood Benn, however, argued that the motion as drafted was impractical and that it should be made less specific. His amendment was defeated and the original motion, banning the sale of all cars not assembled in Britain after 1982, was passed.

## Labour call for ban on foreign car sales

By Elmor Goodman, Lobby Staff

Leaders of the Amalgamated Union of Engineering Workers yesterday won the freedom to reverse the reluctant support they have given left-wing proposals for Labour Party reform.

Last year's support of the AUEW's 870,000 block vote was pivotal in gaining Labour Party conference backing for the mandatory re-election of MPs and the principle that the party's National Executive Committee should come before conference again.

The policy document, which will be submitted as AUEW evidence to the Labour Party conference, favours mandatory re-election of MPs, but by a wider body than present constituency general management committees.

The AUEW evidence proposes that trade unions pay their affiliation fees to local constituencies rather than Labour Party headquarters, as part of a major shift of resources.

It also calls for a reconstituted National Executive

## LABOUR

## AUEW in policy switch on Labour Party reform

By ALAN PIKE, LABOUR CORRESPONDENT

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Committee split equally between MPs, trade union representatives and lay activists.

Delegates endorsed the document, despite a vigorous campaign by Labour Party left-wingers and Communists on the national committee who claimed the union's plans were an attempt to strengthen right-wing control of the party in the face of attempts at reform.

Sir John Boyd, general secretary and a former Labour Party chairman, said the AUEW was advocating genuine democratic reform.

At present the National Executive Committee was "satirised with MPs" who simply took all their arguments and differences from Parliament into the executive. A revamped committee would lead to a different election manifesto.

The union supported mandatory re-election of MPs, but by the mass of the membership, not by a small nucleus which could be manipulated.

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## Reasonable prospects for nuclear programme

By Martin Dickson

THE NUCLEAR Power Commission has given Britain's advanced gas-cooled reactor (AGR) programme from a "shambles" five years ago into one with reasonable prospects, Dr. Ned Franklin, the NPC's chief executive, said yesterday.

He was giving evidence before the Select Committee on Energy, which is examining the nuclear expansion programme announced by the Government in December. This involves the ordering of one new power station a year in the decade from 1982, starting with Britain's first American-designed pressurised water reactor (PWR) station. A choice will then be made between the PWR and the British-designed AGR.

The NPC is the operating arm of the National Nuclear Corporation, which has overall responsibility for Britain's nuclear construction programme and was set up by the Government in 1974 in an attempt to rationalise the industry.

Asked whether AGRs would be cheaper to build than PWRs, Dr. Franklin said it depended on the scale of the expansion programme. If Britain was likely to need only one station every two to three years, then one would go along with the AGR.

But provided there was a reasonable sized programme, the PWR should work out 10 to 15 per cent cheaper. He said there would be a significant demand for replacement power stations in the 1990s, since by then some 45 per cent of the CEB's installed capacity would be 25 years old.

A decision on whether or not to abandon the AGR in favour of the PWR could not be taken until 1983 at the earliest. There was no chance of demonstrating the acceptability of a PWR station until there had been a public inquiry. The public acceptability of the PWR seemed, to him, the issue most likely to influence the outcome.

Commenting on suggestions that the NNC/NPC was made up of companies which were "warring parties," Mr. Franklin said competition for business between the companies involved in the nuclear industry was not the point where they were fighting for survival.

Lord Aldington, NNC's retiring chairman, was asked by Mr. Edwynd Hudson Davies (Lab., Chesham), to what extent argument as to who was to succeed him showed the industry to be "bedevilled by personality clashes."

Lord Aldington, who is to be succeeded in July by Mr. Denis Rooney, said he had never had difficulty in getting agreement in the NNC Board.

## Whitelaw makes appeal for shorter prison sentences

By PHILIP RAWSTORNE

MR WILLIAM WHITELAW, Home Secretary, yesterday appealed to the judges to impose shorter prison sentences for violent, non-violent offenders.

The move could help to reduce serious overcrowding in prisons and strain on the prison service, he told Ms.

"It should be possible to bring about a significant reduction in the general level of sentences without sacrificing the protection which the public is entitled to expect."

Mr. Whitelaw was strongly pressed by some Labour and Tory MPs either to increase the remission for good behaviour to half the sentence or to review maximum sentences.

Such measures could be considered if the situation did not improve, he said. But there is evidence that judges were imposing shorter sentences in appropriate cases and he hoped that strategy would be developed.

Mr. Whitelaw, reporting that the prison population of 44,000 was "dangerously high," said that efforts to develop alternatives to prison would continue.

Public funds of £30,000 would be made available this year to voluntary organisations to provide overnight shelter for people who would otherwise be charged with offences of drunkenness.

The Government believes that the outside community must play an increasing part, whether through statutory or



WHITELAW: "Prison population dangerously high."

voluntary agencies, in the treatment and containment of offenders, particularly those who have not committed violent offences," he said.

Full support would be given to non-custodial methods, to which the probation and after-care service made a major contribution.

Efforts would also continue to transfer mentally disordered offenders to secure hospitals.

Mr. Whitelaw said: "The Government had every sympathy with the May Committee's recommendation that the prison building programme

should be increased. Mr. Whitelaw told MPs.

But the present programme designed to produce 3,400 new places by 1985 would be continued within existing cash limits.

A major new dispersal prison would come into use next year and firm plans were being made to start two new projects in both 1981-82 and 1982-83 which would provide 1,500 further places by the late 1980s.

Mr. Whitelaw also announced that he accepted the May Committee's recommendations on the reduction of the prison service.

The Prison Department would be given wide delegated authority within the Home Office for the management of its staff and finance.

A new post of Deputy Director General would be created and membership of the Prisons Board expanded to include the four regional directors and two outside non-executive members.

A separate Prisons Inspectorate would be set up under a new Crown appointment of Chief Inspector of Prisons who would report directly to the Home Secretary.

Mr. Merlyn Rees, the Labour spokesman, welcomed the measures though other Labour MPs criticised them as inadequate.

Mr. Rees said: "It is my strong view that there must be a radical reduction of the prison population. It needs political will."

## TUC warning on Welsh jobless

By ROBIN REEVES

WALES REQUIRES over 13,000 new jobs a year between now and 1985 in order to even hold unemployment at its already high level of 8.5 per cent, according to a Wales TUC memorandum submitted to the Commons Select Committee on Welsh Affairs yesterday.

It said the Government's decision to scale down regional assistance had been taken at a singularly bad time for Wales. This was not only because of the crisis in steel and coal and the continuing depression of the very severe restraints imposed on local authority expenditure.

It forecast that, in the absence of policy changes, numbers out of work would rise from the current 90,000 to over 140,000 by 1983 and nearly 150,000 by 1985.

An even more gloomy forecast, published this week by the Economic Research Institute of the University College of North Wales, Bangor, predicts an even higher 1983 Welsh unemployment figure of 172,000, or 14 per cent of the working popula-

tion. In North-East Wales it would be as high as 20 per cent.

The Wales TUC warned there was little evidence to suggest the replacement of jobs on the scale required would materialise without very significant changes in both the methods of persuasion and the means of delivery exercised by central Government and its agencies.

The Government was playing considerable faith in the release of entrepreneurial initiative. But official Welsh Office statistics showed that during the period 1966-77, only some 600 jobs a year had been created in this way in the manufacturing sector. This was hardly the answer to the 50,000 jobs at risk as a result of the Welsh steel industry run down.

The Wales TUC stressed it was also unimpressed with the proposed creation of at least one "enterprise zone" in Wales. The industrial estates within the steel closure areas of Ebbw Vale and Shotton were remarkably free of "red tape" and offered considerable incentives and assistance to incoming businessmen. Yet the flow of jobs remained well below requirements.

The Wales TUC argued that the Welsh Development Agency should be allowed to adopt a more active and aggressive approach to industrial investment. A labour subsidy, akin to the regional employment premium, should be introduced, and a coherent and dynamic programme drawn up, with clear targets for the reconstruction and regeneration of the economy of Wales.

Later, Mr. Leo Abse, chairman of the select committee, was critical of an estimate by the Manpower Services Commission that unemployment in Wales would rise from an average 93,000 in the first quarter of this year to only 113,400 in the first quarter of 1981.

Mr. J. B. Cassels, Director of the MSC, said that if school leavers were taken into account and the steel closure areas, the MSC would not disagree with the Welsh Office estimate of 123,000.

Further concern about control over public sector pay. Little of this might otherwise have come out from the analysis of the academic or City commentators.

Much has been made of the refusal of the Treasury to disclose specific forecasts about unemployment or the financial position of industry.

But while the dividing lines about the disclosure of such information are still unclear, the Chancellor, the Governor and officials in practice said a considerable amount about how they believe the strategy may work.

The answers may not have been satisfactory to many of the MPs, but that itself was significant.

Quite separately—and with far less publicity—a sub-committee of the main committee under Mr. Robert Sheldon, a former Treasury Minister, has been looking at the tax aspects of the Budget.

This is just the type of fact-finding of officials should the details of a Finance Bill before the more partisan

## Uncertainty over new town assets

By Robin Paulley

THE GOVERNMENT admitted yesterday that it had no idea what would happen to any unsold industrial and commercial assets in new towns once the machinery to administer them had been run down.

The Government is committed to requiring new towns to dispose of their assets. The intention is to abolish all but the third generation of new towns and to abolish the New Towns Commission.

Mr. Guy Barnett (Lab., Greenwich), asked Mr. Marcus Fox, junior Environment Minister, what would happen to any assets left over unused.

Mr. Fox said it had not been decided. The Government was open to suggestions and the possibility of local authorities taking them over was one interesting idea.

Even five weeks ago when selective industrial action first started in the provinces, employers in the British Printing Industries Federation were talking in terms of an eight-week siege. Some employers are now preparing for the struggle to last another month or even longer.

Despite several attempts over the past few weeks to reconvene talks between the two sides, culminating in last Friday's abortive meeting under the auspices of the Advisory, Conciliation and Arbitration Service, deadlock remains.

Two other print unions, SOGAT and NATSOPA, have accepted the employers' 20.6 per cent pay offer in a ballot and this, at one point, prompted employers to consider organising a unilateral ballot of NGA members. This idea was later rejected.

For both sides the length of the struggle could depend on which side is starved first into taking a new negotiating initiative.

The NGA members who have been suspended without pay are receiving £22 per week out of a £320 per week union levy fund.

Employers represented by the Newspaper Society meanwhile have given strong backing to the national call for a lockout but this week's problems in maintaining concerted action

PAULINE CLARK on a dispute which both sides believe could have far-reaching implications for the print industry.

among print companies has demonstrated the financial fears of Federation members.

The NGA wants an £80 minimum earnings level and a 37½-hour week to be implemented this year compared with the £75 employers' offer and proposals for a phased reduction in the working week to 37½ hours by July 1982.

The employers have cosied the union's demand, taking into account the effects on overtime pay and other benefits, at 25 per cent in 40 per cent—which they say the industry cannot afford.

At the heart of the battle lies the issue of new technology which affects members of the NGA more than those of the other print unions. The NGA summed up its attitude to the

## Print lockout may hold the key to future of new technology

By PAULINE CLARK, LABOUR STAFF

PRINT COMPANY and provincial newspaper employers made clear this week that they were fighting for high stakes when they called for the national lockout of thousands of members of one of Britain's most powerful print unions.

The outcome, they believe, will have far wider implications than the settlement of the immediate pay dispute with the National Graphical Association. It will also set the stage for industrial relations in an industry much affected by new technology.

The challenge to historical union practices from technological change is, however, not a new experience for the print unions—especially the NCA, which figured prominently in the recent industrial relations crisis in Times Newspapers.

Latest developments in the present battle with the NGA, which since last week involved its Fleet Street members in sympathetic industrial action, has not taken the employers by surprise.

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At the heart of the battle lies the issue of new technology which affects members of the NGA more than those of the other print unions. The NGA summed up its attitude to the

employers' offer in a circular to its members of the start of the dispute.

... the NGA went some considerable way in making concessions of productivity/flexibility, meaning: upgrading; retraining; and transfer of craftsperson, training recruitment in origin and the apprenticeship system. The majority of proposals affect the NGA directly. Their content is so far-reaching and so fundamental that the offer the employers are forwarding in new money and hours is simply not good enough."

Mr. Joe Wade, general secretary of the NGA, has also referred during the dispute to "the myth" that provincial printers are paid similar rates to those in Fleet Street—so adding a further dimension to the union's aspirations. Provincial printers' minimum earnings are currently just over £82.20 against £150 in £200 in Fleet Street.

Average earnings for printcraftsmen on provincial newspapers are put currently at £130 a week and for those employed by general print companies at £115 a week.

Five weeks ago, the NGA began offering members of the Federation, at local level exemption from industrial action in exchange for an interim agreement which meets its demand.

While national employers' representatives in the Federation and the Society fight to preserve a national agreement which they hope will protect the industry from paying too high a price for co-operation on new technology, the union is convinced it can do better with local deals.

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## NEWS ANALYSIS—THE TREASURY AND CIVIL SERVICE COMMITTEE HEARINGS

## Insight into the economic strategy

THE DEBATE ABOUT economic policy will never be quite the same again. The 11 MPs on the Treasury and Civil Service Committee earlier this week completed over nine hours of public hearings which broke new ground in the examination of the Government's economic strategy.

The resulting report, now being finalised, could—judging by the MPs' questions—turn out to be highly sceptical about some of the key assumptions underlying that strategy.

The inquiry has been novel in several respects. First, it has attracted considerable public attention. One of the sessions attended by Sir Geoffrey Howe, the Chancellor, was packed out and other involving both Mr. Gordon Richardson, the Governor of the Bank of England, and senior Treasury officials have attracted fairly full houses.

But has all the attention been justified? The committee was only set up last November and is still finding its feet.

Some features are already clear. Under the chairmanship of Mr. Edward du Gann, the

committee has shown a clear desire to avoid party divisions; indeed, some of the sharpest questioning of Sir Geoffrey and the Government came from Tory MPs (and Ministers in the Heath administration) such as Mr. Terence Higgins and Mr. Kenneth Baker.

Inevitably the sessions—two with Sir Geoffrey, one with the Governor and two with officials—have varied in quality. Some of the questioning has been random and too much time at one session with Sir Geoffrey was spent on details rather than key issues of the strategy.

But the overall impression is that the MPs are better prepared—helped by part-time special advisers—and better coordinated in their questioning than previous select committees.

The key issue is how far public understanding of the Government's strategy (and its limitations) has been advanced by the sessions. The view of most MPs and regular attenders is that direct questioning of both the Chancellor and the Governor has provided a greater insight than any number of

speeches into their view of the relationship between monetary policy and reducing inflation, and of the priority of greater price stability.

More specifically, the committee has highlighted the probably conservative nature of the Government's assumptions about future North Sea oil tax

BY PETER RIDDELL  
ECONOMICS  
CORRESPONDENT

revenues and, on the other side, the apparent over-optimism of the projected improvement in the financial position of nationalised industries.

The hearings have also pointed to the absence of detail about the Government's future plans about housing and about the split between capital and current expenditure. The disclosure that the central Government's payroll in 1980-81 is likely to be a quarter higher than in 1979-80 has stimulated

further concern about control over public sector pay. Little of this might otherwise have come out from the analysis of the academic or City commentators.

Much has been made of the refusal of the Treasury to disclose specific forecasts about unemployment or the financial position of industry.

But while the dividing lines about the disclosure of such information are still unclear, the Chancellor, the Governor and officials in practice said a considerable amount about how they believe the strategy may work.

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Mr M G R Sandberg, OBE, Chairman

# The Hongkong and Shanghai Banking Corporation

Incorporated in Hong Kong with Limited Liability

Statement to shareholders

by the Chairman, Mr M G R Sandberg

This is the first year in which my statement to shareholders has been made available before our Ordinary General Meeting and we have accelerated the production of our Report and Accounts to make this possible.

The Group profit for the year was HK\$1,014 million and that of the Bank itself HK\$869.5 million. This represents increases of 39% and 47% respectively over the profits for 1978. Dividends received from Group members are included and as usual outside interests have been deducted in the case of Group profits. The profits of the Bank are stated after provisions considered prudent and sensible by your Board.

We have again increased the transfer to published reserves to a figure of HK\$150 million and are recommending to the Ordinary General Meeting a final dividend of HK\$0.50. After taking into account the interim dividend of 24 cents and the increase in capital following on last year's bonus issue of one new share for every two held, the total distribution to shareholders will show an increase of about 39% compared to last year.

Although it has remained our policy over many years not to rely on bought-in money the balance sheet figures have nevertheless again increased considerably and in order to keep our capital in line with these increases we are recommending to you a bonus issue of three shares for every five held. As announced there will be an Extraordinary General Meeting after the Ordinary General Meeting to approve this. If approved \$1,039,372,825 will be capitalised from the Reserve Fund and the Reserve Fund restored by transfers of HK\$830,000,000 and HK\$209,372,825 from the Bank's inner reserves and retained profits respectively. This will still leave carried forward profits in the Bank's accounts of HK\$100 million. We shall require the authorised capital to be increased to HK\$4,000 million and your approval for this will also be sought. Your Directors are quite confident that total distribution for 1980 will not be less than that for 1979, meaning dividends of not less than 47 cents per share on the increased capital as proposed.

1979 has proved a record year for your Group and has produced a rather better increase in profits than anticipated, but if one remembers that perhaps around half of the increase is needed just to keep up with inflation around the world, it puts the figures in a truer perspective.

I mentioned to you last year the tendency of economic pundits to be too gloomy and indeed the much heralded recession in the Free World has not come about. However the failure, effectively, to reduce inflation coupled with the energy price rises in the last year are not making those same economic forecasters any more cheerful. While a recession may come, and indeed may be the drastic remedy required to curb inflation, I find it difficult to see a recession of any scale in the United States during a Presidential Election year. Meanwhile economic activity in Japan and Western Europe has shown a remarkable capacity to sustain fundamental growth despite the problems faced.

It is to be hoped that a pragmatic approach to the solution of major economic problems can be sustained during the 1980s. We can take some encouragement from the example of the normalisation of Sino-American relationships which seems to have opened the bridge between the needs of an immense market and the capacity of Western technology to supply that market, in an orderly process characterised by realism on both sides.

It is comparatively easy to comment on the interlocked political and economic hazards which beset the world, but somewhat more difficult to convey an awareness that many areas are still making important progress despite the hazards. The ASEAN countries, for example, in which the Group has a major operating presence, appear to be maintaining their average annual growth rate of 7-8%. Indeed if one considers the Asia-Pacific region in general it is possible to feel hopeful that its development will be the outstanding economic trend in the last two decades of this century. This progress will of course depend upon the ability of the developed and less-developed nations to create a more balanced economic system and overcome the pressing problems of global inflation and energy shortages. The daunting scale and complexity of this task is such that realism dictates a cautious outlook for the beginning of the 1980s.

The optimism generated by the prospect of increased development in the People's Republic of China has had an effect upon the economy of Hong Kong and therefore upon the affairs of your Group. It is good to report generally full order books for Hong Kong industrialists at least for the first half of the current year.

1979 saw the opening of the first stations on the Mass Transit Railway system in Hong Kong, a major feat of civil engineering for which the Group organised over a third of the finance through Wardley Limited. The Mass Transit Railway will undoubtedly play a major role in easing Hong Kong's traffic problems, and its completion reflects the readiness of the community to tackle infrastructure projects with determination.

Two particularly important events for your Bank have taken place since our last meeting. First the completion of the first phase of our investment in Marine Midland Bank, and secondly the definite decision to go ahead with the redevelopment of our Headquarters at 1 Queen's Road.

Marine Midland's successful application to convert into a National Bank cleared the way for our tender offer to their shareholders to purchase 25% of the outstanding stock. This received a very favourable response and was well oversubscribed. It led to our taking up the first tranche of new capital in Marine Midland on 4 March 1980 when we became 41% stockholders in that institution. Under our agreement the second tranche of new stock will be taken up by

profit generated from the sale was treated as an extraordinary profit and transferred direct to the Bank's inner reserves. As such of course it is not included in the profit figures mentioned earlier.

Hang Seng Bank had another record year both as to profits and dividend distribution. They continue to thrive under the guidance of Mr S H Ho as Chairman and Mr Q W Lee as Chief Executive.

Internationally our operations were very encouraging particularly so in the Far East and this is shown by the larger increase in profits shown by the Bank itself over that of the Group.

The British Bank of the Middle East showed a small increase in profits.

Shareholders will, I am sure, have read of the transfer of the Head Office of The British Bank of the Middle East from London to Hong Kong at the beginning of this year. This will allow closer and speedier liaison within the Group without in any way reducing the service we offer our constituents in the Middle East. This has meant a new Board of Directors in Hong Kong for The British Bank of the Middle East but I would like to pay tribute to the resigning directors, many of whom have given very long service and all of

subsidiary of Wardley Limited - taking over the Group's business there. The start has been most promising. Wardley itself reported continued growth and record profits. Their dividend was increased from HK\$30 million to HK\$47.5 million. Wardley's development is particularly important enabling the Group as it does to take advantage of the increasing trend toward transnational financial arrangements.

Wardley Middle East Limited continued to make progress during a difficult year dominated by political uncertainty in its area. Our finance companies in Brunei, Hong Kong, Malaysia and Singapore all produced good results and expanded their operations. The growth of our insurance ventures during the year was also very satisfying and we are confident that they will not only be making a significant contribution in future years but are a valuable addition to the range of our services.

Wayhong Investment which holds our transport portfolio had another good year with increased returns coming from the World-Wide Group of companies and from Catbay Pacific Airways.

At the end of last year we announced we were holding talks with Antony Gibbs which might lead to our purchasing the 60% in their company which we do not already own. Negotiations with Antony Gibbs continue and I hope to be able to say something more on this subject at the Ordinary General Meeting.

We are providing shareholders with a review of Operations as part of this year's Annual Report, and we believe that this will give some idea of the very wide range of services we now provide, both geographically and operationally. My full International Survey, which hitherto has accompanied the Annual Report, will be available on request shortly after the Ordinary General Meeting.

There has been a number of changes in your Board. In accordance with the agreement with Marine Midland, we have invited three members of their Board to join us. They are Messrs E W Duffy, Chairman, J R Petty, President, and R W Hubner, a Director and former IBM Senior Officer. Messrs Li Ka-shing and J F Holmes have also joined us, as have two additional Executive Directors, Messrs P E Hammond and I H Macdonald. To them all we extend a warm welcome, confident that their experience in different fields will contribute significantly to our counsels.

Mr P G Williams, upon relinquishing his executive role in Inchcape, is stepping down as Deputy Chairman after the Ordinary General Meeting but I am glad to say he has agreed to stay on the Board. His place as Deputy Chairman will be taken by Sir Y K Pao.

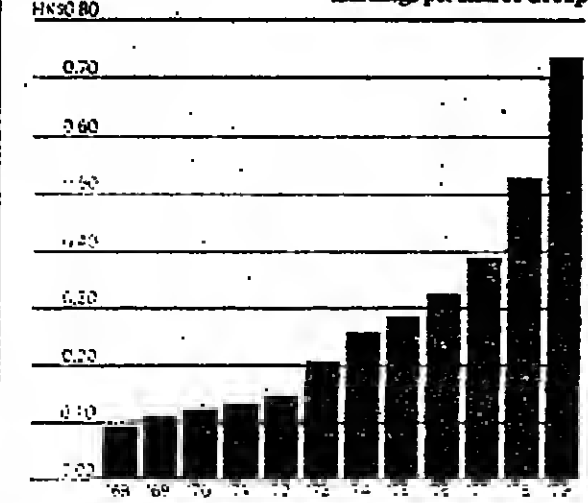
Mr G R Ross who has been on your Board for twelve years retires after this meeting under Regulation 89(h). I would like to put on record the great debt I and my predecessors owe Mr Ross for his dedication to the Bank's business.

As always, it is my pleasure and duty to remind shareholders of the debt we owe to a hard working staff who now number some 23,000 around the globe. This statement of mine has, perforce, been written some little time before the Ordinary General Meeting, when I will, if necessary, bring shareholders up-to-date with the affairs of the Bank. However, I hope that the Annual Report does at least present shareholders with a portrait of a vibrant organisation poised to take advantage of opportunities as they arise during this new decade.

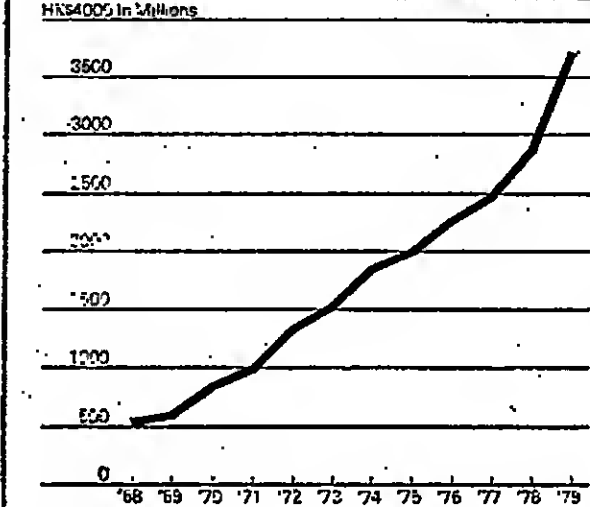
## 1979 HIGHLIGHTS

	1978	1979	1979
	HK\$ millions	£ millions	
Issued Share Capital	1,155	1,732	158
Reserve Fund	1,427	1,636	149
Retained Profits	295	341	31
Deposits	74,654	97,374	8,885
Advances	37,107	42,652	3,892
Bank Premises	1,241	1,541	141
Net Profit	728	1,014	93
Total Assets	98,464	125,292	11,431

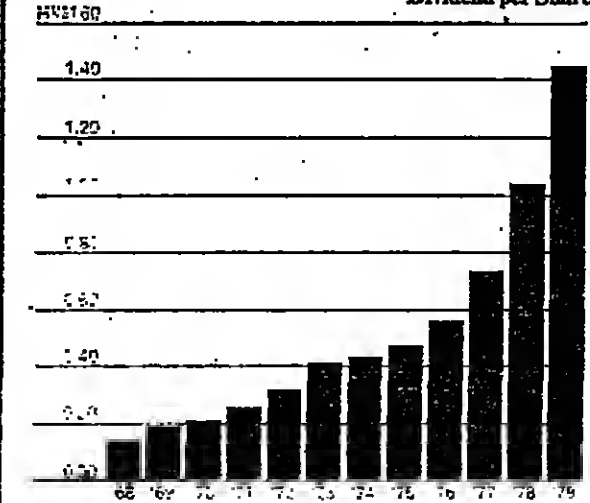
## Earnings per share: Group



## Shareholders' Funds



## Dividend per Share



us by the end of this year. At that time our investment will be 51% at a cost of US\$314 million. Naturally we are delighted at the successful outcome of what have been protracted negotiations over a two year period but which served to confirm our confidence in the benefits which will accrue to both banks. We look forward to cooperating actively with Marine Midland in extending the range and scope of our services. The combined assets of both our organisations total more than US\$40 billion, and this joint strength places us effectively among the major international banks in the world.

The Board has decided in favour of a complete redevelopment of our Queen's Road Headquarters. As we said at the time this is evidence, if evidence were needed, of our long-term commitment to Hong Kong. We are determined that the redevelopment will produce a building of which the Bank and Hong Kong as a whole can be proud and with the appointment of Foster Associates of London as our architects we are confident this will be achieved.

Elsewhere in Hong Kong we continued to expand the number of branches to provide easy access to customers in developing new towns and the older urban areas. This will continue when and where necessary although as we now have some 230 branches in Hong Kong we expect the opening of new offices to slow down somewhat.

During the year the Bank disposed of its ordinary shares in Hutchison Whampoa. This was in line with our promise when we took up our investment in 1975 - at that time in Hutchison International - to sell when conditions permitted and in an orderly manner. The

whom have taken a very close interest in the affairs of that Bank during a time when there has been a generally unsettled and sometimes turbulent atmosphere in the area in which it operates. I am glad to say that their counsel will not be lost as, with the exception of Mr Macqueen, they will be forming an advisory committee in London. Mr Macqueen who was in turn Chief Executive and later Chairman completed 50 years service with The British Bank of the Middle East before his retirement from their Board at the end of the year.

The Bank of Iran and the Middle East in which the Group had a 35% interest was nationalised during 1979 and we still await compensation. The Saudi British Bank, in which the Group holds 40%, has established itself very successfully under the able chairmanship of Sheikh Suliman Saleh Olayan.

Mercantile Bank Limited showed some progress although profits were down on 1978. The economic problems of India, exacerbated by political uncertainty, made trading conditions difficult and it is to be hoped that the incoming government will move swiftly to restore some measure of business and investment confidence. Similarly in Mauritius results were adversely affected by prolonged industrial and labour strife. The results achieved by Mercantile nevertheless reflect favourably on the staff involved. Our Canadian operations continued to expand although the continuing delay in the grant of charters to foreign banks has had an inhibiting effect on our plans to move to a full banking operation.

In Australia we restructured our operations by Wardley Australia Limited - a wholly owned sub-

## The Hongkong Bank Group

Principal subsidiaries and associate members of The Hongkong Bank Group:-

The British Bank of the Middle East

The Mercantile Bank Limited

Wardley Limited

Hang Seng Bank Limited

The Saudi British Bank

The British Bank of the Lebanon, S A L

Antony Gibbs Holdings Limited

Wardley Middle East Limited

Services offered by the principal subsidiary and associate companies of The Hongkong Bank Group:

BANKING · MERCHANT BANKING SERVICES · FINANCE AND INVESTMENT · INVESTMENT MANAGEMENT

EXPORT CREDIT · INSURANCE SERVICES · BULLION DEALING · COMPANY DATA INFORMATION

TRAVELLERS CHEQUES · CREDIT CARDS · TRUSTEE SERVICES · NOMINEE SERVICES



# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## METALWORKING

### New rolls for old

DESPITE the state of chaos in much of the world's steel industry, Sarcid International, the joint BSC-ESAB company, selling technology developed for the manufacture and reclamation of steel mill items, is experiencing steady and continued progress in its operations. Invoice sales are expected to top 10 million mark during the current year.

At this point in time, Sarcid International has three big contracts in hand for the supply of the Sarcid package. During April/May a 25 tonne capacity plant (that is top roller weight) will be installed and commissioned at the BSC River Don and associated works in Sheffield. This plant will complement the existing facility of three Sarcid machines. These are used by BSC River Don to manufacture and reclaim hot mill rolls for the rolling mills of the British Steel Corporation, by welding on a new, hard surface to worn rolls.

Later this year, in June it is expected, two plants of 5 and 40-tonne capacity will be delivered to Asturias de Recargues Siderurgicos (Arside), at Mieres in the North of Spain. This is a joint company owned by Sr. Lopez de Haro and Ensidesa, the Spanish State Steel Corporation. Arside was specifically formed for the application of Sarcid technology within the Spanish and Portuguese steel industries.

At the end of September this year, a five-tonne capacity plant is to be installed at BSC Cumbria Engineering, Workington,

on the north west coast of England. This plant will strengthen the company's existing machine rollers and spares. Prospects for Sarcid International look bright, with orders anticipated from countries as far apart as Venezuela, US, Canada, Sweden, India, the Eastern bloc and Pacific areas. Sarcid International, POB 99, Brightside Lane, Sheffield S9 2RX. Sheffield 449071.

### Machine for training

A COMPUTER numerically controlled (CNC) lathe designed for educational and training purposes, will be offered by Hydro Machine Tools of Halstead, Essex (800 Group), early next year.

To be known as the Hydro-Colchester Triumph CNC, the machine, based on the Colchester Triumph 2000 lathe, will incorporate the International General Electric (IGE) Mark Century 1050HL CNC two-axis contouring system with full manual programme input facilities, inch/metric capability and automatic machining routines.

Offering a 390mm swing over bed, it has 750mm between centres, 54mm spindle bore, spindle speeds from 25-2,000 rpm, manual three-jaw chuck, and a 5.5kW (7½ hp) motor. A range of additional, optional equipment will also be available.

## PROCESSING

### Recovery of metal

A NEW process for recovering valuable metals from solutions used in the plating industry is being shown for the first time on the Electricity Stand at the Surface Treatment and Finishing Show (NEC, April 28-May 2, 1980).

Developed by the Electricity Council, the "Chemelec" cell has a very short payback period. AB Electronic Components of South Wales is successfully using this cell for recovering cadmium from solutions employed in plating many of its products. This electrolytic process is also in use at Abrahams and Co (Birmingham), Tyne and Wear, where nickel-iron is recovered from rinse water in the electroplating process of the company's decorative and table ware.

In addition to conserving valuable metals such as copper, nickel, nickel-iron, zinc, cadmium, cobalt, silver and gold, the cell reduces or even eliminates the possibility of penalties imposed by water authorities due to the level of contamination in discharged

effluent from plating plants. Electricity's role in plating is fundamental to the operation. The electrolyte is heated so that the maximum effective current is delivered. More and more companies are reviewing their use of steam for electrolyte heating and finding that off-peak electric heating can be very attractive. This is because of the high cost of the fuel otherwise needed for steam raising and its low utilisation efficiency at the point-of-use.

Where electricity is used for vat heating, heaters directly immersed in the solution are generally used, over-the-side elements being the most frequent arrangement. The superior control offered by the electrical route ensures that process temperatures are maintained throughout the production period. Electricity also offers the flexibility that affords quick and easy start-up, at the same time providing any other control function required by the process.

Electricity Council on 01-834 2333.

### Colouring carpets

ERRORS MADE in colour selection of carpeting, or the latter's eventual wear and fading, can be remedied with application of a new process for in situ dyeing carpets introduced from the U.S. by Thuroclean International, 111 Bedford Court Mansions, Avenue, London WC1.

Used successfully at Penta Hotel in London (where maintenance of pale orange carpets bed created insurmountable problems) the process is said

to cause a minimum of interference and inconvenience to day-to-day activities, because the dye becomes fast almost immediately after application and, although carpets remain damp for a day or so after dyeing, they may be used without the dye transferring to any other flooring.

Process enables colour changes to harmonise with a new decor and will also hide areas where colours have been affected by spills, sunlight or even flooding.



## INSTRUMENTS

### Traces buried cables

BY MAKING use of the radiated harmonic content of a buried cable, a lightweight location equipment from Abbott Sirks and Company can locate conductors buried to a depth of four metres.

By tuning to 250 Hz instead of 50 Hz the company has obtained better sensitivity through higher amplification and higher magnification turned circuits. A smaller coil also gives rise to better directivity.

The 250 z signal is presented to headphones, becoming louder as the cable is approached. In addition however, a meter reading is provided and there is also a bleep unit fixed to the casing which produces a 1 kHz

intermittent note the pulse rate of which becomes more rapid as the cable is approached.

After some adjustments of sensitivity (related to the current in the cable) it becomes a simple matter to place the tip of the probe-shaped equipment

immediately above the cable and its path can be traced by side-to-side movements. A calibrated sideways displacement method also allows the depth to be measured.

More from East Portway, Andover, Hants SP10 3NJ (0264 64511).

### Easy-to-clean meter

HYGIENIC flowmeter equipment for foodstuff and dairy operations by Neptune Measurement is a single axis, oscillating piston meter fabricated in stainless steel and synthetic polymers.

The measuring element of the new meter is a positive displacement, hollow, cylindrical piston, guided in a rotary-oscillatory motion by the walls of the cylindrical containing chamber, a diaphragm and magnet carrier which serves as a control roller. These components are so arranged that a precise volume of fluid is metered during every complete oscillation of the piston. In turn, this oscillation rotates the magnet carrier. The rotary motion is transmitted magnetically through the wall of the meter chamber to an external follower magnet connected with a Neptune register.

Hygienic meters are easy to clean. Six large plastic knobs permit fast removal of the cover and O-ring gasket, and the two parts which move in the liquid (the plastic piston and the moulded magnet carrier) can be lifted out for cleaning in an autoclave or dishwasher in soap and warm water.

The new meter is fitted with ISS connections for standard two-inch hygienic fittings, is bio-

logically inert and is chemical and abrasive-resistant. With a flow rate range of 16 gpm to 125 gpm at a maximum pressure of 100 psi, it should find application throughout the food-processing industry.

Neptune Measurement manufactures a complete range of liquid and gas flow measurement and control systems. This range includes vortex shedding flowmeters for liquids, steam, gases, and cryogenic liquids and positive displacement meters suited to liquid applications of almost every type.

Neptune Measurement, POB 2, Dobross, Oldham, Lancs. OL3 5RD.

## ELECTRONICS

### Checks on fuel use

ORGANISATIONS THAT dispense fuel to their vehicles from their own pumps might be interested in a microprocessor-based office console which keeps a running check and provides a complete record of which keyholder has drawn fuel, at what time, from which pump and in what quantity.

Offered by Permex, the unit is designed to complement the Fleetman high speed single and multiple outlet diesel fuel dispensing system but it will work equally well with conventional fuel pumps and can control several pumps in simultaneous use.

To draw fuel the holder of a valid key simply inserts it into the key reader at the dispensing point. The console electronics will then turn on the pump and print out the transaction on a ticket, storing the details in a built-in magnetic tape cassette. Non-valid keys will sound an alarm.

Permex is at 110a Mill Lane, London NW6 1NG (01-435 8229).

## IN THE OFFICE

### Plain paper copier

CONTENDER for the small-volume end of the £250m UK plain paper copier market, launched by Pitney Bowes, the Model 5200, has been developed for users with an average monthly requirement of around 2,500 copies, peaking at 8,000.

The typical user, says Pitney Bowes, will be either a branch office of a large group, or a small business that employs 50 or fewer people, in wholesaling or retailing, in manufacturing and construction, transport service industries and in the professions.

The 5200 requires no warm-up period, and its first copy is produced in less than four seconds, with a further 14 more made within a minute, either on plain bond paper or company letterhead, printing on both sides if required. Maximum copy sizes are A4 and folio. The paper cassette holds up to 250 sheets. Only the degree of exposure has to be chosen and the number of copies selected—between one and 20—before printing.

Pitney Bowes is at The Pinacles, Elizabeth Way, Harlow, Essex CM19 5BD. Tel: Harlow (0729) 26731.

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Tel: 0723-514141 Telex: 52163

This mobile 400 amp diesel welder has been designed specifically for good manoeuvrability and high speed towing, up to 50 mph, behind a one-ton van or car. It is manufactured by Sentinel Power Systems, Station Street, Leek, Staffs (0532 372000). Power choice is a Ford 2.4 litre water-cooled diesel or a 1.8 litre 3-cylinder air-cooled engine. A 3 kW 220 or 110 volt AC power source is also available for tools and lighting, etc.

## PRINTING

### Letterpress plate easy to mount

AVAILABLE FROM Letterpress Systems is a letterpress printing plate made from Polythron, a polymer-impregnated composite material chemically modified to give physical strength and dimensional stability.

The plates are said to cost about 20 per cent less than their aluminium counterparts and are also very easy to handle, being very lightweight and having no sharp edges.

Mounting on to the press is said to be fast and simple and exhaustive tests have shown "print quality to remain constant equal to that of metallic plates".

Polythron substrate plates are for use with the company's dry development (air knife) system.

More details from W. R. Grace, Northdale House, North Circular Road, London NW10 7UH (01-965 8931).

## UK ECONOMIC INDICATORS

**ECONOMIC ACTIVITY**—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1975=100); retail sales value (1975=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem. played	Vacs.
1978							
4th qtr.	110.3	103.0	109	101.7	132.3	1,340	230
1979							
1st qtr.	110.1	102.6	98	100.7	124.0	1,351	234
2nd qtr.	114.8	102.1	106	106.2	144.8	1,299	236
3rd qtr.	110.1	102.6	98	100.7	134.0	1,331	234
4th qtr.	113.1	103.0	99	99.5	144.6	1,269	247
Nov.	112.9	104.0	106	101.7	151.9	1,286	238
Dec.	114.4	105.5	114	102.5	153.2	1,282	234
1980							
Jan.	111.9	102.4		103.0	153.3	1,330	207
Feb.				104.1	158.7	1,414	181
March				103.0		1,414	181
April						1,438	169

**OUTPUT**—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mfg.	Textile	Hous. starts*
1978							
4th qtr.	105.8	97.3	123.9	97.0	100.2	102.2	20.3
1979							
1st qtr.	106.0	99.3	126.9	98.9	98.4	100.1	12.9
2nd qtr.	108.7	102.9	132.3	102.7	110.1	103.0	21.3
3rd qtr.	105.7	98.0	123.1	94.9	103.8	100.1	21.9
4th qtr.	105.0	101.3	128.3	93.4	100.9	94.8	18.1
Nov.	104.0	98.0	130.0	96.0	102.0	96.0	28.5
Dec.	106.0	103.0	132.0	101.0	102.0	98.0	18.2
1980							
Jan.	107.0	101.0	127.0	101.0	95.0	96.0	13.1
Feb.	106.0	101.0	124.0	100.0	97.0	92.0	11.4

**EXTERNAL TRADE**—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves (£m).

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US\$bn*
1978							
1st qtr.	109.0	116.9	-1,588	-1,215	-235	107.0	16.78
2nd qtr.	135.3	128.9	-486	-319	-229	106.4	21.69
3rd qtr.	129.8	128.1	-493	-230	-138	106.5	23.18
4th qtr.	129.3	129.9	-745	-674	-157	104.7	22.54
Nov.	131.8	125.8	-75	-51	+27	104.1	22.43
Dec.	131.3	131.2	-282	-229	-88	102.6	22.73
1980							
1st qtr.	131.6	126.7	-723	-573	-126	100.7	24.87
Jan.	129.9	128.3	-321	-274	-74	100.8	25.71
Feb.	136.8	129.1	-226	-176	-95	100.8	25.92
March	128.0	122.8	-176	-126	0.0	100.6	26.96

**FINANCIAL**—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; RP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances	DCE %	BS inflow	BP lending	M1/R %
1978							
1st qtr.	7.6	9.2	32.6	+1,523	777	1,581	13
2nd qtr.	9.7	17.2	28.5	+2,707	777	1,367	11
3rd qtr.	15.5	10.2	13.2	+2,409	932	1,579	14
4th qtr.	5.1	12.6	16.2	+2,891	839	1,951	17
Nov.	6.5	13.2	19.0	+1,094	131	698	17
Dec.	5.1	12.6	16.2	+250	161	593	17
1980							
1st qtr.	-2.3	9.6	25.4	+1,889	634		17
Jan.	-8.1	8.7	22.6	+777	233	668	17
Feb.	-6.4	10.0	20.7	+503	199	667	17
March	-2.3	9.6	25.4	-87	200		17

**INFLATION**—Indices of earnings (Jan. 1978=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); R.P. commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings*	Basic matls.*	Wholesale mfg.*	RP1*	Food*	FT* comdly.	Strk.
1978							
1st qtr.	144.2	153.4	161.6	208.9	218.8	268.88	61.0
2nd qtr.	147.3	163.2	168.0	216.5	223.2	294.55	67.1
3rd qtr.	184.2	169.9	176.4	221.1	231.9	301.06	71.0
4th qtr.	161.7	183.9	181.8	237.6	234.8	291.34	68.4
Nov.	158.1	178.1	180.3	235.6	234.8	291.34	68.4
Dec.	162.1	186.0	181.6	237.7	237.0	297.22	68.4
1980							
1st qtr.	165.1	187.5	183.4	239.4	239.9	295.13	69.7
Jan.		196.8	191.3	248.8	247.2	284.47	72.4
Feb.		183.0	188.5	245.3	244.8	308.69	71.4
March		197.6	191.3	248.4	247.2	284.47	72.6
		199.4	194.0	232.2	251.1	284.47	72.6

\* Not seasonally adjusted.

# HCH

## Results

Year ended 31st December	1979	1978
Turnover	£m	£m
Exports	272.2	246.9
Profit before tax	35.9	32.8
Profit after tax	36.2	30.4
Capital expenditure	28.2	20.0
Shareholders' interest	31.3	26.5
Earnings per share	160.5	112.1
Dividends per share	20.9p	15.7p
	5.0p	3.7p

## Growth continues Record profits for fifth successive year

"The effect of strikes in the U.K. meant effectively the Group operated on a ten-month year... once again industrial action is going to prevent us from fulfilling our potential... we shall make every effort to minimise the damage - we continue to do everything we can to expand and... drive the Group forward."

Peter Goodall (Chairman)

Other salient points from the Chairman's circulated statement

Although a number of factors, many completely outside our control, had an adverse effect on our performance, 1979 continued our growth and profits advanced to record levels for the fifth successive year.

We continued in 1979 as we have in past years to do everything we can to expand, update and modernise our business. Our efforts in research and development have been maintained.

As our home markets decline our exports become more and

more vital to us... It is a matter of utmost gravity and concern that the rate of inflation should be brought down to enable us to compete in foreign markets with nations whose rate of inflation is very often less than one-third of ours.

We have indeed a lot going on... we are committed to the long term growth and expansion of the Group; we are anticipating capital expenditure at the rate of some £40m a year over the next three years to meet the growth which we see before us.

The Annual General Meeting will be held on the 14th May in London. Copies of the Report and Accounts can be obtained from the Secretary, Gensfax House, Tipton Park Road, Sheffield S10 3FJ.

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Financial Times

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3

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you with advice at  
every stage of your  
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4

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imaginative in  
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financing for you.

5

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benefit from our  
experience, over 20  
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simple and con-  
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## THE JOBS COLUMN

## New urban spacemen face re-entry problem

BY MICHAEL DIXON

"UPSTARTS!" hissed a man on the telephone the other day. "People like that are bumptious enough already, without you encouraging them further."

He was on of several readers, plainly past their youth, who waxed indignant in response to the Jobs Column of five weeks ago, which conferred the title "high fliers" on people with a salary of £12,000 at the age of 30. And oddly enough, my young friend Giles reacted in much the same way, albeit for a different reason.

He considered it spurious to commend people so old for earning so little. After all, 30-year-olds on £12,000 salary are receiving only £400 annually for every year they have been alive.

Giles on the other hand is being paid £500 annually for each year of his life. His latest rise as a recently qualified chartered accountant with a large professional firm in London, has given him a salary of £11,500 at the age of 23. Moreover, he assures me that his employer is by no means the most generous salary-payer in the field.

So if the people this column referred to five weeks ago deserve the title of high fliers, then evidently a fair number of young folk in accountancy are veritable urban spacemen. But while recent experience suggests that most readers will shed no tears for them, their stratos-

pheric situation is not without problems. Nor am I alone in thinking so — as witness the view of Andre Kerr, a recruitment consultant with Hudson Shrimman International.

"True, a few of them will become partners in big professional practices with continually soaring salaries," he said. "But for the majority the question is not so much whether they'll have to come down to earth, as when and where they will land up."

"I know they may see it as unworthy to settle for the pay levels industry and commerce can afford to offer accountants two or three years after qualifying. It's not their fault that accountancy practices find it convenient to 'pay them away' above what people with their experience are worth to anyone else."

"But if they don't take the plunge into industry, and carry on in the profession without being earmarked for a big-firm partnership, then they'll pretty surely be brought down to earth just the same. They can't expect to sustain the same relative salary level for much longer, and by that time they'll probably not get out of the profession, because they'll be typecast as specialist audit staff."

Mr. Kerr spoke those words in a tone of not quite desperate reasonableness which sounded familiar to one with children in their teens and 20s. Could it be, I wondered, that here was another condemned to trying to

persuade young people to recognise reality? The answer was yes: he is searching for a young accountant to work for a company providing various services to the oil industry.

Formed as a joint venture between two large groups about 20 years ago, the company has the ethos of a U.S. multinational although, unusually, its top management consists of a wide range of nationalities. It has five operational regions: Europe, based in London; Africa, based in Paris; the Middle East, based in Dubai; the Far East, based in Singapore; and South America, based in Caracas.

Hitherto, the company has "just grown" like Topsy and in the recent past has been springing up by 30 to 35 per cent a year. But the top management has now decided that if the projected further growth of 25 per cent a year is to be achieved, the company needs a greater degree of central control. A manager was assigned to this end some 12 months ago, and he urgently needs an assistant in London to help to complete the drawing-up of uniform rules and methods for financial control and reporting throughout the company, and for central monitoring of its various operations.

When the required procedures have been devised—probably in the autumn or early winter—the newcomer will also help to recruit four or five accountants to put the new system into force.

The reward for success in this initial task will be immediate promotion to either senior financial management or more general executive responsibility, almost certainly in one of the overseas regions, with further promotion to other centres in early prospect.

Candidates, Andrew Kerr says, should be chartered accountants who have worked with a big international accountancy practice, and have preferably become familiar with the operations of the energy industry. But they must not have stayed so long in the profession as to become fixated on auditing. Indeed, although the upper age limit is at the most 30, a couple of years outside the profession since qualifying would be an advantage.

But, as Mr. Kerr's previously quoted views foreshadowed, the starting salary will not be stratospheric—no more than £12,000 or so. There will be cost-of-living reviews in June and December, however, plus a merit review in three to four months. Moreover, the scheduled promotion next summer should lift the newcomer's income to the equivalent of around £20,000 plus big-company expatriate allowances. Provided that candidates are fluent in English and "culturally transferable" into a U.S. multinational atmosphere, wherever in the world they are working at present does not matter.

Inquiries to Andrew Kerr by

telephone on 01-248 7851. Those preferring to mail a brief outline of their career should send it to him at College Hill Chambers, London, EC4. Since he may not name the employer, he promises to honour a request by any applicant not to be identified to the company until specific permission is given—a guarantee which has also been given by the recruitment consultant handling the next job.

## Chief executive

HAVING been 70 for a good few years, the creator of a £36m turnover business mainly in vehicle bodies of lesser or greater complexity is seeking a chief executive. While the controlling shareholding is owned in America, the company is quoted on the London Stock Exchange and its main base is in northern England.

As chief executive of the group, which has about 1,700 employees, the recruit will be responsible to the business's creator as chairman and be on the main Board which includes directors of finance and of marketing, two from overseas, and two British non-executive members. Below the holding company, the group is divided into five operating subsidiaries, each with its own managing director.

The motto for the newcomer is "keep on with the growth," says Jackson Taylor, the consultant in charge of the initial selection. But one of the main tasks will be consolidation of

the existing business which, like the UK motor industry in general, has not been altogether untouched by competition from abroad. The other task will be diversification, extending the existing products into new markets at home and overseas, and branching into suitable new products by acquisitions and other means.

"We need somebody who can get along equally well with merchant bankers and with the rather more down-to-earth characters of the haulage business," Mr. Jackson adds. So I think we are after either an accountant who has grown up through management in engineering, or an engineer who has become an effective commercial executive. I'd say that, to qualify, either type must be chief of a £20m-turnover operation or second in command of a bigger concern. The ideal age would be 45."

Candidates from overseas will be considered only if they have recent experience of manufacturing industry and labour relations in Britain in addition, of course, to fluent English.

The salary indicator is £36,000. Other benefits include a car, a profit share and a stock option. Inquiries to Mr. Taylor at Jackson Taylor Executive Consultants, Carolyn House, Dingwall Road, Croydon CR9 3RS; telephone 01-880 9631, telex 9952987 JTEC G.

Because of the Bank Holiday, by the way, there will be no Jobs Column next Tuesday.

## COUNTY BANK

Merchant Banking  
Birmingham

Our Birmingham Office, which services the East and West Midlands, requires an experienced lending executive to join a young team providing finance and advice to corporate clients.

Applicants should be aged between 27 and 35, AIB qualified, with at least four years corporate lending experience. The successful candidate will share responsibility for the establishment and administration of loans and should therefore have initiative and a capacity for hard work. An appropriate salary and benefits package is offered.

Interviews will be held in Birmingham but in the first instance applications giving full details should be sent in confidence to:-

Gordon Prosser, Company Secretary,  
County Bank Limited,  
11 Old Broad Street, London EC2N 1BB.

A member of the National Westminster Bank Group

CHIEF  
ACCOUNTANT  
CONTROLLER

GULF

Investment company located in the Gulf requires an experienced Controller.

Must be Chartered Accountant or C.P.A. with approximately ten years' experience in all accounting and administrative areas, with experience at managerial level. Treasury management experience with foreign exchange, deposits and bank relations desirable. Arabic language capability would be an advantage.

Tax free compensation would provide a salary in the £35,000 range with additional allowances for housing and transportation.

Qualified applicants are urged to send their c.v.s to us without delay.

Write Box A.7129, Financial Times  
10 Cannon Street, EC4P 4BY

## Senior Gilts Appointments

The Gilts Department of Hedderwicks is now looking for additional senior and experienced people.

The immediate vacancies are:-

**Head of Department** who will already be a Partner, Senior Sales Executive or Gilts Specialist. The successful applicant will be backed by existing economic and computer-based research and supported by a team accustomed to providing a service to institutional clients.

**Additional Sales Executive and Dealer** to reinforce existing teams.

For further information, and to arrange an early interview, write or telephone Wallis Hunt, Administrative Director, at the address below. All approaches will be treated in the strictest confidence.

## Hedderwick

Hedderwick Stirling Grumbar & Co  
Members of The Stock Exchange  
One Moorgate, London EC2R 6AA. Telephone: 01-600 4011

Pensions  
Administration  
Manager  
c. £12,000 + car

The City based Pension Department of Tate and Lyle Limited which administers the centralised pensions and life insurance arrangements of the Group requires a Pensions Administration Manager. The scheme has assets of £100 million and 15,000 members.

Reporting to the Director of Group Pensions, the successful candidate (male or female), will have at least five years' practical pensions experience and should be qualified (preferably A.P.M.I.).

Experience of computerised pension records and contracted-out requirements for a self-administered pension fund are

essential, together with a thorough knowledge of current pensions procedures and familiarity with S.F.O., O.P.B. and D.H.S.S. practice.

Salary is negotiable dependent on qualification and experience and benefits are everything you would expect from a large company.

Please write or telephone for an application form and job description to:  
Jo Heigho,  
Tate and Lyle Limited,  
Sugar Quay, Lower Thames Street,  
London, EC3R 6DQ.  
Telephone: 01-626 6525.

Tate &amp; Lyle

SERVICES OFFICER—  
BANKING

Age 35-45 £10,000+

A major International European Bank, with an established and expanding London Branch, seeks to appoint a mature and capable person to the above position. The job involves assuming responsibility for all aspects of premises and services administration to include negotiations with agents and suppliers, and control and maintenance of communications, stationery, printing, office equipment and insurance.

The successful applicant will also be expected to deal with all related correspondence and documentation. Experience in a similar capacity within banking would be advantageous, but candidates from other City Institutions will be considered.

Written applications should be forwarded, in the strictest of confidence to Rod Jordan (General Manager).

**BANKING PERSONNEL**  
41/42 London Wall, London EC2 Telephone: 01-588 0781  
(RECRUITMENT CONSULTANTS)

## Internal Audit

Expanding public group

An accountant is required to take charge of the audit of a portfolio of engineering companies with a turnover of around £40m, part of a major public group providing specialist services to industry. The appointment is a new one, and is regarded as a springboard to line management.

The accountant will be a key member in the evolution of a small central department developing the group's financial and operational audits. Based on London, the work will include the appraisal of systems and procedures in the UK and overseas, holding discussions with line management and submitting succinct and objective reports.

A qualified accountant is required with experience in the profession of major audits in manufacturing industry, who can provide evidence of technical excellence coupled with management ability. Age: late 20s.

Remuneration: up to £12,000 plus car.

Please write in confidence to CT Garcia (Ref 830F).

Thomson McLintock Associates 70 Finsbury Pavement London EC2A 1SX TML

## Accountants

United Arab Emirates

For a rapidly expanding public utility corporation to fill positions within their Head Office and Main Branches in Abu Dhabi and Dubai.

**Assistant Chief Accountant** to £11,800  
Aged 30-40, preferably ACA or ACMA with sound financial accounting experience. The responsibility will be to assist the Chief Accountant in operating a modern computer based system and producing accounts to international standards. Ref. 6506.

**Branch Accountant** to £11,800  
Aged 30-40, preferably ACA or ACMA with good experience of computer systems and credit control. The responsibility will be the control of a large staff in the day to day operation of a branch accounting function. Ref. 6507.

**Traffic Accountant** to £10,200  
Aged about 30, preferably an ACMA. Responsibility will be for large scale customer billing and credit control. Relevant experience is essential. Ref. 6508.

**Assistant Branch Accountant** to £8,970  
A qualified ACMA or finalist is preferred aged about 25. Responsibility will be for the financial and management accounting functions of a branch, and production of management information relating to cash control and maximisation of profit. Ref. 6509.

Contracts are for two years renewable — all salaries are tax free and benefits include free furnished accommodation, liberal educational allowances, medical allowances, free utilities, transport allowance and loans for car purchase and terminal gratuities. Good promotion prospects exist.

Applications in strict confidence to Gerald Brown quoting appropriate reference number.

**mh Mervyn Hughes Group**  
2/3 Cursitor Street, London EC4A 1NE  
Management Recruitment Consultants 01-404 5801

## REINSURANCE NEGOTIATOR

Our client, a privately owned Lloyd's Broker, has, due to continuing expansion, a need for a top-level Reinsurance Negotiator. This appointment calls for a Senior Executive with extensive reinsurance experience including extended relationships with overseas intermediaries and clients, together with the capability of handling substantial contracts at the highest level.

Salary will not be an inhibiting factor as a generous remuneration package commensurate with the importance of this appointment is offered, together with the possibility of equity participation in the future. It is unlikely that candidates under the age of 35 will have sufficient experience and seniority.

Applicants should send in the strictest confidence brief details of their personal history and career to date, quoting FT051, to:

Stuart Rochester,  
NEVILLE, RUSSELL & CO.,  
Chartered Accountants, 30, Artillery Lane, Bishopsgate, London E1

## LEASING

An assistant is required by the manager of an expanding subsidiary of an international bank. The successful candidate will be responsible for the day-to-day administration of leasing operations with the emphasis on the legal aspects.

Possible opportunity to gain experience in credit analysis. Some practical experience in leasing preferred but economics or numerate graduate will be considered.

Attractive salary according to age and experience.

Telephone Jack Sheehan  
on 01-429 1205.

## Lawyer

For Middle or Far East

CITY OF LONDON solicitors require a young qualified lawyer for their Gulf or Far East offices. Length of service will be negotiable and preceded by a period spent in the City office to acquire knowledge of clients and practice.

Preference will be given to applicants with experience in banking and/or other international company and commercial work.

Salary and terms will be competitive and commensurate with position and experience.

Please apply in the first instance with full curriculum vitae, marking the envelope 'overseas' in the top left hand corner, to: — Dermot Hoare, Consultant, 2, Tavistock Place, London, WC1H 9RA.



## Two Young Financial Controllers —For International Banking

Our client is one of the world's leading banking groups, with a great diversity of business in most continents. Following the reorganisation of its European Operations,

two new positions have been created for qualified ACAs in their later 20's. Both will be based in the City of London and report to the European Controller.

### Controller—London

c. £12,000 + substantial benefits

The appointment covers total accounting and reporting responsibility for the London office, which employs about 250 staff. A comprehensive new computer system is scheduled for introduction at the end of 1980.

### Controller—Merchant Bank

c. £12,000 + substantial benefits

With a small staff, you will direct the accounting, systems development, management reporting, and overall financial control of the London Merchant Bank, whose business includes, for example, Corporate Finance, Syndications, and various advisory services.

Ideally you will have some background knowledge of bank accounting (although this is not essential) and almost certainly experience outside the Profession.

Both appointments offer very generous terms, including subsidised mortgage, non-contributory pension, and the possibility of a car.

Please send a detailed career history, in strict confidence, to Peter Wilson, FCA, at Management Appointments Limited (Recruitment Consultants), Albemarle House, 1 Albemarle Street, London W1. Tel: 01-493 4879.

Management Appointments Limited

## EXECUTIVES

Over £10,000

Today is a good day for making a fresh start.

If your present job lacks:

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and you want:

\* A better salary

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Then don't wait any longer.

Telephone us now for a cost free assessment meeting and let Europe's most experienced job search organisation take a hand in your future—Call

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01-839 2271

140 Grand Buildings, Trafalgar Square, London WC2.

## AUTHORISED DEALER REQUIRED

Under 30

All applications treated in the strictest confidence

Contact: D. M. Garner, HALLIDAY SIMPSON & CO, 73 Cheapside, London, E.C.2.

## Group Managing Director

Accountability will be to the Board of the parent Group—its substantial and highly regarded—for a number of businesses which manufacture and market a wide spectrum of consumer durable and semi-industrial products. Turnover is about £20m. There are current problems—but brand reputation, product development and sound financial backing provide an excellent base for future growth.

The key requirements include general management experience in a £multi-million manufacturing operation and proven success in marketing—preferably in consumer durables. Age—probably around 40.

Salary is negotiable from £20,000 with matching benefits.

Please write—in confidence—indicating how you meet the requirements stated. Dr. J. C. Viney ref. B17323.

This appointment is open to men and women.

United Kingdom Australia Belgium Canada  
France Germany Holland Ireland Italy  
New Zealand South Africa South America  
Sweden Switzerland U.S.A.

**MSL**  
Management Selection Limited  
International Management Consultants  
17 Stratton Street London W1X 6DB

N.M. Rothschild  
& Sons Limited

## Senior Currency Adviser

Due to continuing expansion, N. M. Rothschild Asset Management Limited is seeking an exceptional individual for a demanding but highly rewarding position.

The post involves, as a senior member of a compact group, the management of multicurrency fixed interest portfolios, advising multinational companies on their currency exposure, and central banks on reserve management.

Although based at Rothschild's in London, the work includes considerable overseas travel. The position will probably be filled by a man or woman aged 27-40 with a background in international fixed interest management and a strong economic and currency background. Candidates may previously have worked in a similar financial institution or possibly in the Treasury Department of an international corporation in the economic or currency forecasting department of a bank or in financial journalism. Applicants must be capable of expressing themselves clearly, both in writing and at client meetings.

The remuneration package will be highly competitive.

Please apply in writing giving detailed curriculum vitae to:

Personnel Director,  
N. M. Rothschild & Sons Limited,  
New Court,  
St. Swithin's Lane,  
London EC4P 4DU.



## THE UNIVERSITY OF SHEFFIELD DIRECTOR OF FINANCE (c. £15,000 a year)

This key post provides a challenging opportunity to an experienced professional to enhance financial planning and control systems in the University.

We are seeking a man or woman with the ability to direct and organise the work of the Finance Department so that it can play a leading role in the financial management of the University. This will include the development of the whole range of services provided by the Department and the effective dissemination of financial advice to the University.

Candidates with appropriate experience in any financial or accounting environment are invited to apply.

In the current financial year the University's expenditure is likely to exceed £27,000,000.

Full details of the post can be obtained from the Vice-Chancellor (Ref. DOF/EK), The University, Sheffield S10 2TN and enquiries on any specific aspect of the post would be welcomed.

Applications should reach the Vice-Chancellor at the above address as soon as possible and not later than 30th May 1980.

## FUND MANAGER OUTSIDE LONDON

A major fund management group wants to appoint a Portfolio Manager. He or she will join a small team managing £250m. assets on a discretionary basis and will take responsibility for specific funds of the Group.

Candidates, aged between 25 and 35, will have had sound U.K. fund management experience and will look forward to the prospect of working outside London. The reward package includes a salary in the range £10,000—£12,000 and attractive fringe benefits including relocation expenses.

Write or telephone in confidence to Michael Jenkins.

Directorship Appointments  
Limited

17 Devonshire Street, London W1N 1FS. 01 580 7357.

## Divisional General Manager Regional Newspapers

The continuing expansion of this newspaper group based in Southern England gives rise to this new appointment.

Reporting to the Chief Executive, the successful candidate will be required to draw together the companies comprising this group of enterprises, and plan for and carry out their further profitable development; the turnover is in the 7-figure category and there are approximately 200 employees.

Candidates, ideally aged about 40, must have about 5 years' experience in the general management of regional newspapers, and desirably a strong marketing bias.

Salary is negotiable about £15,000 plus bonus, car, BUPA, etc.

Please write—in confidence—to J. M. Ward ref. B.41386.

This appointment is open to men and women.

United Kingdom Australia Belgium Canada  
France Germany Holland Ireland Italy  
New Zealand South Africa South America  
Sweden Switzerland U.S.A.

**MSL**  
Management Selection Limited  
International Management Consultants  
17 Stratton Street London W1X 6DB

## ARE YOU KEEN TO FURTHER YOUR STOCKBROKING CAREER?

Have you proven connections capable of sustaining your ambition? Would you like to join an established firm of Manchester based brokers, with developed private client services, corporate and institutional connections, substantially involved offshore and with financial planning expertise? If the answers are yes we have the capacity and inclination to satisfy your ambition.

Write with brief details to:

Box A7130, Financial Times, 10 Cannon Street, EC4P 4BY  
your reply will be treated in strict confidence

## FELSTED SCHOOL ACCOUNTANT

Felsted School, Felsted, Essex, seeks an Accountant to be responsible for the School's accounting procedures and systems.

Job description and application form from the School, Felsted, Essex.

## WOLFE

Like to work in California?  
Like to travel?

## Are you qualified in Law, Accountancy, Librarianship or Administration/P.A.? We can offer you the best career opportunities in 1980!

Our Client, a portfolio management company, based in the San Francisco area with an enviable performance record, is engaged on an expansion programme that offers exceptional career opportunities for professional women of high integrity to work in a stimulating and supportive environment.

### Lawyer

Total compensation \$57,000 plus car + benefits

As the Company Lawyer, personal confidant and legal adviser to the President, responsibilities will cover protecting the company from litigation, handling all aspects of securities law and regulatory compliance, utilising outside counsel when required. The position involves travelling up to 50% of the time, meeting with clients. Preferably you will be aged 28-34, have read law at Oxford or Cambridge, possess outstanding communicative skills and project a first-class sales image.

### Accountant

Total compensation \$38,000 plus car + benefits

As Director of Accounting, you will be responsible for all the accounting functions of the Company, require a good understanding of computer utilisation and financial modelling. This position requires handling of confidential information with the utmost discretion and involves travelling up to 25% of the time. You must be a Chartered Accountant, preferably aged 28-34, with at least five years' of responsible accounting experience, ideally in a similar environment.

### Librarian

Total compensation \$31,000 plus car + benefits

As Manager of the Company's professional financial library, you will establish and maintain the system for business periodicals, portfolio analysis, company records and maintain all client files, audit daily transactions and calculate management fees. Some travel is involved. Preferably you will be aged 28-34, with at least five years' experience as a professional Librarian.

## Administration/ Personal Assistants

Total compensation \$31,000 plus car + benefits

Three opportunities exist for professional women who combine secretarial and organisational skills with representative qualities. Each assistant shall be entrusted by the President to function independently in client relations, drawing upon their business and social judgement. The positions involve travel between 20-40% of the time in the Western U.S. Intelligence, social graces and general appearance are important qualities, as are discretion, honesty, loyalty and a caring nature. Preferred age: 28-34.

The above positions involve a minimum commitment of 4 years, a retirement at 100% of salary after 20 years' service, plus liberal holiday provisions. The Company has a no smoking rule. Our Client offers assistance in resolving immigration application processing. If you are interested in one of these positions, please send two copies of your curriculum vitae, with two personal photographs and a brief statement relevant to your interest in residing and working in America, to W. H. Lyons, Esq.,

**BOYDEN**

Boyden International Ltd.,  
11-15 Arlington Street, London, SW1A 1RD  
Executive Search Consultants

## Financial Accountant London circa £10,000

An International Oil Company located in Victoria requires a Financial Accountant to strengthen its financial control function.

The successful candidate, reporting directly to the Financial Director, will be a qualified Accountant familiar with financial accounting systems in a Multi-National Organisation and in the preparation of consolidated financial statements.

An attractive salary in the region of £10,000 p.a. will be offered commensurate with experience, plus first class pension and other benefits.

If you consider you have the appropriate experience and you are a person of high calibre, please write with full curriculum vitae in confidence to:

Waiter Judd Ltd., (Ref. L268)  
(Incorporated Practitioners in Advertising),  
1a Bow Lane, London EC4M 9EJ

## Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

### FUND MANAGER

£10-12,000

Our client, a leading Merchant Bank, wishes to engage a Portfolio Manager.

The ideal candidate, aged around 30, with a degree or professional qualification, will have 2-3 years' fund management experience with a merchant bank, stockbroker or insurance company. A broad range of equity exposure is desirable and knowledge of Far Eastern markets, though not essential, would be useful. There is an attractive remuneration package including mortgage subsidy and an excellent non-contributory pension scheme.

Please contact **PETER LATHAM**

### LEASING EXECUTIVE

c. £15,000

Our client, a leading international bank, wished to recruit an experienced 'big ticket' leasing executive to this expanding business area. Candidates, in the age range 25-40, will ideally hold a professional or business qualification (A.C.A. or M.B.A. would be particularly welcome) and will offer relevant marketing and technical experience. Salary and benefits are those associated with a first-class international banking institution.

Please contact **BRIAN GOOCH**

### ACCOUNTING (Bonds/Securities)

c. £7,000

Our client, a small, soundly-based and rapidly expanding securities trading house, wishes to recruit a self-motivated person to take responsibility for the accounting system. Preference will be given to candidates aged in their 20s who have specific experience of accounting for a securities trading operation.

Please contact **KEN ANDERSON**

First floor—entrance New Street  
170 Bishopsgate London EC2M 4LX 01-623 1266



**CJA****RECRUITMENT CONSULTANTS**  
35 New Broad Street, London EC2M 1NH  
Tel: 01-588 3588 or 01-588 3576  
Telex No. 887374

An important appointment—scope to advance to a more senior dealing position elsewhere world-wide

**CJRA****Foreign Exchange Dealer—West Germany****FRANKFURT****NEGOTIABLE COMPETITIVE SALARY**

A LEADING U.S. INTERNATIONAL BANK, ASSETS IN EXCESS OF 20 BILLION U.S. DOLLARS

Applications are invited from Foreign Exchange Dealers, aged 23-27, who have acquired at least two years' practical dealing experience including forward trading. As part of a small team, the successful candidate will report to the Foreign Exchange and Money Market Manager dealing in the main European currencies, in particular with the Dollar and Mark mainly in forward transactions. Good knowledge of German is essential. Initial remuneration will be negotiable and made attractive to the right person, it will include a thirteenth months' salary, non-contributory pension including life assurance and full relocation expenses. Applications in strict confidence under reference FED12284/FT will be forwarded 'unopened' to our Client, unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager.

CAMPBELL-JOHNSTON RECRUITMENT ADVERTISING LIMITED, 35 NEW BROAD STREET, LONDON EC2M 1NH

**Initiative & Judgment**

—are major requirements for these posts with a company—turnover exceeding £75m, and part of a large international group—whose consumer and industrial products are among the leaders in their markets. These appointments arise mainly through internal promotion resulting from reorganisation of the accounting function in order to improve and develop the management and financial control systems to meet the requirements of the company's business managers and the changing business environment. Location—Greater London/East Home Counties.

**Financial Accountant****CA, ACCA****Age 25-30**

You will supervise a small team with responsibility for the maintenance of all statutory financial records and accounts, and for the preparation of monthly, quarterly and annual accounts required by the parent company. You must be capable of identifying trends and highlighting anomalies for the attention of senior management. You will have 2-3 years' post-qualifying experience and may still be in the profession. Salary to £9,500. (Ref 140/PT).

**Management Accountant****ACMA, ACCA****Age 25-30**

You will provide a comprehensive management accounting service to divisional managers, including assistance with budgets, 5-year forecasts, and other commercial decisions. You must be capable of interpreting monthly operating results and initiating corrective action as required. You will have had some post-qualifying experience in a manufacturing environment. Salary to £9,000. (Ref 141/FT).

**Credit Manager**

You will manage the credit department in order to achieve agreed standards in the key areas of credit sanction, revenue collection, reconciliations and cost-effectiveness. Your overall objectives are to control the company's investment and to safeguard debtor quality. You must have a professional qualification and/or membership of the Institute of Credit Management, with substantial experience of credit management and a detailed knowledge of relevant legislation. Age 35-45. Salary to £10,000. (Ref 142/FT).

Please write (male/female candidates) in strict confidence with full personal and career details, quoting appropriate reference, to:

**Philip Smith**

Manpower Consultants

85-87 Jemyn Street, London SW1Y 6JD

**ENTHUSIASTIC ENGINEER/  
BUSINESSMAN/WOMAN  
WANTED**

for foreign company marketing industrial/marine machinery in UK

Call Mr. O. Jorgensen on 01-730 3575 for interview

**INVESTMENT  
MANAGEMENT****GULF LOCATION**

We are a leading investment company located in the Gulf and require qualified individuals to fill new positions in our organisation:

**EQUITY PORTFOLIO MANAGER**—five years' experience managing U.S., U.K., and European equities, including experience at managerial level. Advanced degree in economics or finance required. Compensation package tax-free salary in £30,000-£40,000 range with fringe benefits.

**FIXED INCOME PORTFOLIO MANAGER**—five years' experience managing euro-bonds, gilts and other fixed income investments. Advanced degree in economics or finance required. Compensation package £30,000-35,000 tax-free salary plus fringe benefits.

If you have the relevant experience and would like the challenge of working for a growing Gulf Company, send your C.V. to:

Box A.7123, Financial Times,  
10 Cannon Street, London EC4P 4BY.

**Financial Analysts**

Have you worked out the implications  
of Olivetti for your career?  
Salary Package circa £9000

At Olivetti, we design, manufacture and market the most advanced range of business machines, small computers and electronic accounting machines in the world. In the UK alone, we employ 1200 people over 20 locations, producing an annual turnover of over £50 million—and we're still growing.

Success like ours comes from design, not chance. So it's hardly surprising that, as one of the leading suppliers of financial systems to the business world, we attach prime importance to the finance function of our own organisation. Join our small, specialist team of Financial Analysts and you'll take a key role in our development. With responsibility for a specific area of the Company's operations, your concerns will include preparation of

Company Annual Budgets, monitoring Divisional performance and planning long-term budgets. Ours is a progressive, computer-oriented environment. You can expect to become fully involved in the development of financial modelling and improvement of financial planning systems.

We are seeking either graduates with accountancy qualifications or possibly an MBA or qualified accountants with some commercial financial analysis experience in a marketing oriented company.

Please write, with details of your career to date to Mr. A. L. Payer, Manager, Financial Analysis Department, British Olivetti Ltd., 30 Berkeley Square, London W1X 6NL.

**olivetti****PHILLIPS & DREW  
Fund Manager**

Phillips & Drew have a vacancy in their Private Client department for an experienced fund manager. The successful candidate will work with a partner as a senior member of a small team.

Preferred age 30 with a minimum of five years' experience.

We offer a competitive salary, bonus and contributory pension scheme.

Please apply in writing with full information on experience, stating current salary to Staff Manager,

Phillips &amp; Drew,

Lee House, London Wall,

London EC2Y 5AP

**Finance  
Director Designate****Pork Farms**

c. £15,000 + car

Pork Farms manufacture and distribute a range of high-quality meat-based products as well as supplying major private label customers. The company, part of the Northern Foods Group, is based at Nottingham with a number of subsidiaries at other locations. It employs around 3,000 people in total and has a turnover of £50 million. Continuing growth has identified the need for a Finance Director, responsible to the Managing Director, to co-ordinate and further develop the finance function. In addition, the person appointed will need to have the stature to make a wide contribution as a member of the top management team. Obviously, a broad financial background is

essential with several years' in manufacturing (ideally food). The preference is for someone in their late 30s with experience both of EDP-based accounting systems and multi-site operations. Ref: AA52 7328/FT. Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

**PA Personnel Services**

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874



A member of PA International

**Stockbrokers**

We are anxious to hear from Members or retired Members who presently reside out of London or who are prepared to work out of London. We also wish to hear from Country Brokers who would like to join an aggressive firm which believes in the Private Client and is anxious to build up a Countrywide Branch system fully backed by a highly competent office and specialist Research towards the Private Client.

We would also like to hear from Members and/or Groups in London who would like to join our London office.

If you would like to know more about us, please write in confidence, naming the firms to whom your letter should not be forwarded, to: Box No. 336,

**Streets Financial Limited**

18 Red Lion Court, Fleet Street, London EC4.

**FAR EAST RESEARCH**

£10,000-£15,000 p.a.

Able individual with 3-5 yrs. research exp. to analyse Singapore, Hong Kong, Philippines, Kuala Lumpur and work closely with specialist salesmen as part of large international Dept. for a major stockbroking firm.

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Graduate with 1-3 yrs. investment research exp. and prior knowledge of Oils to join established team and assist in corporate or international and UK companies for a large well known firm of stockbrokers.

For a strictly confidential talk about these or other positions with stockbrokers and institutions contact Anthony Jones or Fiona Stephens.

**Stephens Associates**International Recruitment Consultants  
35 Dover Street, London W1X 3EA. 01-493 8617**EQUITY RESEARCH**

to c. £6,000

Graduate with 2-3 yrs. UK equity research exp. plus keen interest in Economics to join expanding management team in London office of overseas institution.

**INSTITUTIONAL SALES**

£12,000-£20,000 p.a.

Several in our client, two names in stockbroking, seek high calibre individuals with good specialist knowledge, 2-3 years sales experience and the desire to join a reputable firm offering partnership prospects.

**Seeking new employment?  
Threatened with redundancy?**

We can help! Modern management techniques and marketing methods are part of our unrivalled job-searching system which will enable you to secure top executive, professional, technical and managerial appointments at home and overseas.

We will manage your job search skilfully, discreetly and efficiently. Our access to unadvertised vacancies and close knowledge of the employment market will help you obtain positive results quickly and at a minimum cost. Call for a confidential meeting without obligation today—your future success may lie in our hands.

Connaught Executive Management Services Ltd.  
11 Connaught Place, LONDON W2 2ET 01-258 0077

**Chief  
Accountant**

This appointment combines the advantages of joining a highly structured international organisation, and the pleasure of operating in a delightful rural setting in the North West of England. As a senior company executive, you would head up a large accounting staff, taking responsibility for financial and management accounting for U.K. and continental Europe manufacturing and marketing locations, where 1979 sales turnover approached £100 millions.

Candidates should be qualified CA or CMA, and can expect to negotiate salary in the region approaching £15,000 per annum. Appropriate large company benefits, including a car and relocation help, will apply.

Please write in confidence to Richard L. Robinson who is advising on this appointment at:

**Otteridge & Co.  
Management Recruitment**  
199 Knightsbridge London SW7

**THE  
LABOUR PARTY****RESEARCH  
ASSISTANT**

(Salary £5,335

rising to £6,520)

(currently under review)

Applicants should have an interest in, and an understanding of, industrial and economic policy issues. An Honours Degree, though not essential, would be an advantage. Duties will include the preparation of papers on a wide range of employment issues such as training and manpower policies, industrial relations and industrial democracy. The successful candidate will also provide background information to all societies of the Party and help provide the advisory committees of the National Executive Committee. Applicants must be members of the Labour Party, and a background of activity in the Party in the wider Labour movement would be of considerable advantage.

Application forms are obtainable from:

The Administrative and Personnel

Office

The Labour Party

750, Whitehall Road

London SE17 1JF

and should be returned no later

than

FRIDAY, MAY 23, 1980

**INTERNATIONAL HARVESTER  
CREDIT CORPORATION****Young Chartered Accountant  
Merchant Bank**

c. £9000

Hill Samuel & Co. Limited is one of the City's principal Accepting Houses

employing some 3500 staff in the Group with subsidiaries in Australia, Channel Islands, Hong Kong, Ireland, South Africa and Switzerland, with an Internal Audit

Department which encompasses all parts of the Group worldwide. In order to maintain the strength of the department, we are seeking a recently qualified Accountant, who is probably still in the Profession and who is

capable of making an early contribution to the quality and effectiveness of our financial control systems. Essential qualities include the ability to deal effectively with management at all levels and to be capable of

working independently in planning and carrying out operational internal auditing. Some travel to overseas parts of the Group is involved.

This is an excellent opportunity offering a view of the Group from the centre which, depending on achievement, will provide the scope for career development within other areas. Salary will be negotiable around £9000 per annum and outstanding company benefits include subsidised mortgage and luncheon facilities, non-contributory pension scheme, free life assurance and BUPA membership.

Candidates, male or female, should apply in writing with brief details of their personal history, qualifications and experience to:

P. G. S. Coulson,  
Senior Personnel Officer,  
Hill Samuel & Co. Limited,  
100 Wood Street,  
London EC2P 2AL.



مكناص الأصيل



**Financial manager**

Central London, c £13,000 + car



For a division of a major public group trading internationally in specific commodities. Responsibility is to the Chief Executive for the financial management of the division. You must be a commercially oriented qualified accountant and thoroughly experienced in financial and management accounting and secretarial practice. Verbal and written communication skills are also important. Resumes including a daytime telephone number to E.J. Robins, Executive Selection Division, Ref. R443.

**Coopers & Lybrand associates**

Coopers & Lybrand Associates Limited  
management consultants  
Shelley House 3 Noble Street  
London EC2V 7DD

**ACA, ACMA, ACCA**

c. £10,000

Central London

Age 25+

This is an opportunity to join the Corporate Finance Department of one of Britain's largest industrial groups.

The post offers exposure to the total business operations and involvement in the corporate financial control of a major international company whose turnover exceeds £1,000m.

It will interest either a young accountant (possibly still in the profession) who will regard it as a career development opportunity, or an older accountant, aged up to 50, seeking long-term job satisfaction in the role. In either case, previous involvement in consolidation work in a substantial organisation is essential.

The basic tasks are participation in the consolidation of divisional and other subsidiary accounts, and the supporting management accounting responsibilities relating to the analysis of results and investigation of significant variations from budget. Promotion to a supervisory post is a short-term possibility.

Please write in strict confidence with full personal and career details, quoting 738-FT, to:

**Philip Smith**

Manpower Consultants  
85-87 Jermyn Street, London SW1Y 6JD

**Foreign Exchange Dealer**

We require a Foreign Exchange Dealer with a minimum of three years' experience in all aspects of foreign exchange and Euro-currency deposits.

As well as a competitive salary commensurate with the position, we offer fringe benefits which include House Mortgage Assistance, a subsidised restaurant, non-contributory pension scheme and free life assurance.

Please write giving full personal details to:

Mrs. E.D. Douglas,  
Personnel Officer,  
Kleinwort Benson Limited,  
20 Fenchurch Street,  
London EC3P 3DB.

**KLEINWORT, BENSON**  
Merchant Bankers

**Special Projects**London W1  
c. £14,000 + car.

A very successful book publishing group with a nine figure turnover seeks an accountant for a particularly demanding brief, including profit studies, investment analysis, systems introduction in new territories, performance appraisal and management audits. Base salary negotiable from £13,000, plus bonus. The vacancy arises from internal promotion.

Candidates should be qualified accountants aged say 28-35 with post qualification reporting and control experience in an efficient international group. Although reporting to the Overseas Financial Director, the post needs an unusual degree of initiative and resource. Overseas travel will be required.

For full job description write in confidence to John Courtis at 78 Wignore Street, London W1H 9DQ, showing clearly how you meet our client's requirements, quoting 7054/FT. Both men and women may apply.

**John Courtis**

...and Partners...

**Institutional Equity Sales**

We are looking for an experienced person to join the present Institutional Department in Bristol.

The firm has a well established research team specialising in small to medium size UK equities, including some sectors, and with a strong provincial bias. A vacancy therefore exists for a high calibre individual with at least 3 years institutional sales or other relevant experience preferably with a research background.

Salary will be negotiable according to experience and the position offers partnership prospects for the right person.

Please apply in writing to:-  
Malcolm Robson,  
Stock Beech & Co.,  
The Bristol and West Building,  
Broad Quay,  
Bristol BS1 4DD.

**Stock Beech & Co**

Members of the Stock Exchange

**Finance Officer**

Manchester

£13,000 + Car

The G.M.E.D.C. is a private company sponsored by the County Council and District Councils in the Greater Manchester area and has been established to promote industrial development and help small firms. It has just completed the first year of its operation and now seeks a Finance Officer to help in its continued successful development.

The person appointed will be a professionally qualified accountant with specific experience in policy formulation and project appraisal. A commercial background with practical experience of working with funding institutions is being sought.

Male or female candidates should send full C.V. to Mr. L. Boardman at the address below.

**Greater Manchester Economic Development Corporation Limited**

Barrow House, Piccadilly Gardens Manchester M1 4DD Telephone: 061-247 3815

**BOUSTEAD COMMODITIES LIMITED**

We require:

- (1) A Senior and Junior Floor Trader in coffee
- (2) A Senior and Junior Floor Trader in cocoa
- (3) A cocoa Actuals Trader
- (4) A Senior and two other Desk Traders

**COMPENSATION:**

Salary negotiable. Company car (except Junior Floor Traders). Bonus (according to profitability). Luncheon vouchers, pension, four weeks' holiday, BUPA, season ticket loan.

Interested, call John Bradney on 01-621 1410 or between 8 and 9 p.m. on Guildford (0483) 504268.

**TWO GROWTH AREAS OF FINANCIAL OPPORTUNITY**

The Marley Organisation comprises some 20 companies in the UK alone, making or marketing a diverse range of products for the building industry. In addition, there are companies for transport and vehicle leasing, a chain of Homecare Superstores and Builders Merchants outlets. Plus many subsidiaries and associates overseas.

Our growth record for the 70's was impressive. Corporate turnover over £300m in 1979 shows a compound

annual growth rate of 15%; pre-tax profits 21%; per share earnings 26% and capital employed grew by 17%. Forecasts for the next decade indicate substantial investment in acquisitions and new companies.

The Head Office financial management function for all this world-wide activity is highly sophisticated as you would imagine. And it is in this area that we need more specialised help...

**Financial Accountant**

This Accounting position will appeal to a young ACA with broad-based accounting experience who is interested primarily in the preparation of consolidated financial accounts. This involves the determination of overall accounting policies, organising and managing information processing, developing consolidation procedures and inflation accounting (CCA) techniques.

We offer highly competitive salaries according to depth of experience plus the attractive benefits you expect in modern business practice. Write in confidence, giving concise

**Internal Auditors**

These vacancies would suit either a young qualified accountant or someone about to qualify and who is looking to obtain a wide range of experience quickly. An essential quality is confidence to undertake special projects and accept responsibility for evaluating accounting/management controls throughout the organisation. Extensive travel in the UK and maybe overseas will be necessary.

career details, qualifications and salaries earned to date, to:-  
Deputy Head of Personnel,  
Marley Tile Company Limited,  
PO Box 32, Sevenoaks, Kent.

**MARLEY**

**Hoggett Bowers**

Executive Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD

**Financial Accountant**

Devon, earnings c. £8,500

A light engineering company which is part of a well known group have recently restructured their organisation and need a first rate, very experienced person to lead the financial accounting function and be deputy to the chief accountant. Responsibilities will include the normal functions of payroll, financial ledgers, monthly and annual accounts, budgets and forecasts etc., most of which are computerised. Candidates should ideally be aged in their 40's qualified ACA/CCA or ACCA, very experienced in manufacturing industry and enjoy managing and leading a young team of committed people. Employment conditions are excellent and full relocation expenses will be paid to this very attractive area.

J.H.E. Davies, Ref: 37148/FT. Male or female candidates should telephone in confidence for a Personal History Form to:  
CARDIFF: 0222-40516, 2nd Floor, St. David's House, Wood Street, CF1 1ES.

**Management Accountant**

Milton Keynes

c. £10,000 + Car + Mtge. subsidy

An excellent opportunity for an ambitious qualified accountant to assume responsibility for the development, interpretation and control of all financial and management information. Ideally you will be aged 27/32 and have experience of working within a computerised environment. You will report to the Life Administration Manager and will control a small staff.

The company, a progressive subsidiary of a major insurance group with assets in excess of £750m, offers excellent career prospects and a generous benefits package, including relocation assistance if necessary.

Contact: David G. Nevin on 01-405 3499  
quoting reference DN184/MAF

**Lloyd Management**

Recruitment Consultants

125 High Holborn London WC1V 6QA

01-405 3499

David Grove Associates

Bank Executive Recruitment

60 Cheapside London EC2V 6AX

Telephone 01-236 0640

**LAWYER**

to £14,000

Our client is an expanding private Merchant Banking Group. The vacancy in the Corporate Finance area is for a Lawyer experienced in all aspects of corporate documentation relating to mergers, acquisitions, private placements, new issues, loans etc., in a merchant banking environment.

**SENIOR CREDIT ANALYST**

c. £9,000

Our client is an international Merchant Bank. This is an opportunity for an experienced analyst, probably ranking No. 2 or 3 in a medium-sized department, to run his or her own section. Candidates should have three years' previous experience.

**CREDIT ANALYST**

c. £6,000

American bank seeks a bright ambitious young person with one-two years' experience of spreading balance sheets and experience of writing reports. Contact Joan Marjess.

**ASSISTANT TO FINANCE MANAGER**

Sussex Coast c. £8000 plus Staff Mortgage

An opportunity has arisen to join an expanding major financial institution with branches throughout Great Britain. The Alliance, one of the largest building societies in the country, requires an experienced person to assist in the management of the Society's liquid funds in the money market.

The successful applicant will also assist the Finance Manager with the production of a variety of financial reports and data.

Applicants should be numerate, capable of expressing themselves clearly and concisely

and must have a thorough knowledge of the money market and particularly the fixed interest market. A knowledge of basic computer programming would be an advantage.

The salary offered will be within the range £7,280 to £9,680 p.a. and will be determined by the extent of relevant experience. It can be significantly supplemented by generous concessionary mortgage facilities and other fringe benefits include a first class Pension Scheme, subsidised medical scheme and excellent sports and social facilities.

Please write or telephone for an application form to:-  
Adrian Tindley, Staff Officer, Alliance Building Society,  
Alliance House, Hove Park, Hove, Sussex BN3 7AZ  
Telephone: Brighton 775454 Extns 62 or 63.

**£25,000 PLUS**

The Marketing Department of a successful City-based private financial institution is looking for an individual of outstanding quality capable of making a major contribution to the continuing expansion of an established company.

Requisite qualities are:-

- Natural sales capability.
- Ability to communicate to a wide spectrum of investors.
- Integrity and ambition.
- Sense of humour.

Experience in the Private Client Department of a stockbroking firm or a background of marketing financial products and services would be ideal.

If you consider that you possess these qualities and thrive on remuneration according to personal performance write in strict confidence with an enclosed curriculum vitae to Box A.7133, Financial Times, 10 Cannon Street, EC4P 4BY.

**Assistant Chief Accountant**

North West

c. £14,500 p.a.

Our client is a major corporation in a high-technology industry engaged on a substantial expansion programme.

The work load throughout the business is therefore much increasing and this senior appointment is now to be made to share responsibility in the Finance Department, and particularly to provide management succession for the future.

Candidates, male or female, 35-45, should be qualified accountants with a broad background of financial control, budgets, and industrial costing; the experience of staff control; active involvement in the business as a whole; and who now seek to contribute to the forward development of an enterprise with acknowledged long-term growth expectations.

Relocation assistance is available where appropriate.

Apply for an application form, quoting reference F122A, to ERP International Recruitment Limited, Clarence House, St. Werburgh Street, Chester, CH1 2DY. Telephone 0244-317886 (answerson after 5.00 p.m.)

Offices in London, Chester, Jeddah, Amsterdam, Brussels, Milan, Paris.





## CompAir Leaders in air power

CompAir is U.K. market leader and one of the world's largest suppliers of compressed air equipment with 25 manufacturing sites of which 9

are in the U.K. We sell 65% overseas into 120 countries. We have a highly decentralised management style but two of our Directors at CompAir head-

quarters now need to increase their service to operating companies. Both positions are seen as a preparation for future promotion.

### Planning Executive

This role involves three main areas of work—  
Providing support in the development of strategy at

company level and its subsequent co-ordination at CompAir HQ. Carrying out special projects of a market research or planning character, and maintaining an advanced market forecasting service to major companies. This vacancy arises through

promotion and involves frequent high level contact with senior operating company executives. Reporting to the Group Planning Director, the position requires experience in market research, finance and statistics, preferably in an engineering environment.

### Market Development Executive

This new position reports to the Group Marketing Director and is created to study both market

sectors and territories which are not yet fully exploited. Working closely with operating companies in the U.K. and overseas, the executive will identify market opportunities and recommend options for the establishment of new distribution facilities by

franchise investment, joint venture, etc. The executive will then sell the programme to operating management and steer the implementation. Widespread international travel will be required and the position requires experience in international selling.

Both of these positions need graduates, preferably MBAs under 35 with marketing experience in an international operation, ideally in engineering. Remuneration in

the range £10,000 - £12,000 may be extended for candidates with exceptional experience. A car will be provided in each case. If you believe that you have Director potential write fully to

M. B. Edwards, Director of Organisation Development, marking the envelope reference PCL CompAir Limited, Brunel Way, Slough, Berkshire, SL1 1XL.

## Group Finance Director-Designate

Our client is a major British international group and household name. Its pre-eminent position in the industry and presence in the Times Top 100 is the result of a sustained profit-led growth over the last decade.

The forthcoming retirement of its Chief Financial Officer has given rise to the current vacancy. Suitable candidates, male or female, will at present be in the senior or immediate deputy financial role of a large organisation. They must already have the complete range of experience necessary for them to assume the management of our clients' financial affairs on a worldwide basis rapidly and with confidence, and to operate as an important team member of their senior management group.

Preferred age is 40-45, the location is London. Remuneration will be of interest to those currently earning a basic salary in the region of £30,000.

Please write in complete confidence to David Thompson, who is advising on this appointment.

## Odgers

MANAGEMENT CONSULTANTS  
Odgers and Co Ltd, One Old Bond St,  
London W1X 3TD 01-499 8811

**BANKING APPOINTMENTS**  
A.B. DEPARTMENT MANAGER  
(over 100)  
C. 10,000 p.a. + bonus  
5 yrs. exp. Sec. Adm. Div. Age 30-45.  
Man. Managerial exp. Age 30-45.  
Recd. by prestige international bank.  
C. 10,000 p.a. + bonus  
To £8,000 - 10 yrs. exp. by prestigious merchant bank. Age 25-40. Must have financial exp. of banking exp. and knowl. of preparing forms and working with formal O. & M. training. Resp. for appointments.  
253 6022/6023 V.P.N. EMPLOYMENT

## FINANCIAL PLANNING OFFICER

£13,365 - £15,815 p.a.

The Financial Planning Branch of the Electricity Council is responsible for the preparation of financial estimates covering the Electricity Supply industry in England and Wales and assisting in the formulation of the industry's financial policies. The Financial Planning Officer will be a senior member of the Branch and have particular responsibilities in connection with the development of Current Cost Accounting within the industry. In addition the post carries a wide and interesting range of duties including co-ordination of the industry's capital expenditure programmes, the development of computer-based financial modelling, and analysing the effect of legislation and other matters influencing financial planning of the industry.

Applicants should be qualified accountants, preferably with a secondary qualification in either economics or business studies. Experience of the

use of computer-based financial planning models or knowledge of economic theory concerning nationalised industries would be an added advantage. Applicants should have the personality and communications skill to deal with staff within the industry up to Board level and to explain accounting matters to staff in other disciplines. A certain amount of lecturing may be involved. Assistance with relocation expenses may be given in appropriate cases. Please write in confidence, giving details of age, career to date and present salary quoting ref. FT-49 to:  
Duncan Ross,  
Recruitment & Development Officer,  
The Electricity Council,  
30 Millbank, London SW1P 4RD.

**ELECTRICITY COUNCIL**

## Manager Financial Planning & Control

Central London c£11,000

This new and challenging role carries responsibility for the Financial Management of the North African operations of a major US multinational organisation. You will provide financial and commercial reporting/planning information for both the Area General Manager based in the USA and the local country Business Managers. Occasional visits to the countries covered will be necessary.

A minimum of five years financial management and commercial experience, preferably in an international environment, is essential. An accounting qualification is a distinct advantage.

The ability to work on your own, provide accurate, useful data, and take effective business decisions in consultation with Senior Management are essential qualities; success in this role will enhance the excellent career prospects in this world-wide Group. Please telephone or write quoting Ref: RG 3547.

**Lloyd Chapman Associates**

123, New Bond Street, London W1Y 0HR 01-499 7761

## Financial Controller

Up to £15,000 p.a.

A rapidly developing construction group which is centralising its international operations in London, wishes to appoint an individual to manage its financial affairs.

Candidates must have accounting and financial management experience and be accustomed to operating at or near boardroom level and are likely to be aged between 30 and 40.

Extensive and diverse experience outside direct accounting activities and a broad view of management is essential. A period of overseas employment would be advantageous as would exposure to administrative or line management responsibilities.

The post holder will be expected to travel outside Europe visiting operating company, clients and suppliers but will be based in central London. The remuneration package will include a company car and other benefits reflecting the seniority of this post.

Interviews are expected to be held in London during mid May. Please write with brief career and personal details to:-

W. E. Harry,  
PH Recruitment Limited, Excel House,  
42 Upper Berkeley Street,  
LONDON W1H 7PL.

## CHEMICAL/ FINANCIAL ANALYST

for MAJOR STOCKBROKERS

23-30 Up to £10,000 +

Our client, a major City firm of Stockbrokers, will shortly appoint a Chemical/Pharmaceutical Analyst. His/her responsibilities will include analysing companies within this sector, discussing with clients their investment views based on detailed research. The successful candidate would also be expected to visit companies within the industry, with the capacity to discuss ideas with management at board level.

The ideal candidate will now be working in the chemical industry and will have a financial background. He/she will be expected to understand and interpret company reports and should be articulate, enthusiastic, with the intellectual ability to produce research material to the high standard expected by our client. The position offers a first-class career with a firm which has a leading name within the investment world. An attractive salary will be paid to the successful candidate, and the total remuneration will also include a bonus element.

Please apply:  
Jack Courtis  
Career Plan Ltd.  
Chichester House  
Chichester Road  
London WC2A 1EG  
Tel: 01-242 6775

**Career plan**  
PERSONNEL CONSULTANTS

## There is a vacancy for a U.S. EQUITY INSTITUTIONAL SALES PERSON

At a major U.S. Brokerage Firm

This is an outstanding opportunity for a person of high calibre and motivation to cover major U.K. institutional accounts. Remuneration will be high.

Write Box A.7128, Financial Times,  
10 Cannon Street EC4P 4BY

## STOCKBROKING VACANCIES

1. OVERSEAS SETTLEMENTS CLERK TO £7,000 + BONUS
2. SENIOR CONTRACTS CLERK TO £6,500 + BONUS
3. SENIOR OVERSEAS DIVIDENDS TO £6,250 + BONUS
4. CLIENT LEDGER CLERK TO £6,000 + BONUS
5. BEARER SETTLEMENTS CLERK TO £5,500 + BONUS
6. VALUATIONS CLERK TO £4,500 + BONUS
7. JUNIOR CONTRACTS CLERK TO £4,500 + BONUS

FOR ALL THE ABOVE VACANCIES PLEASE CONTACT  
LYNN BLACKLEY ON 01-623 0181  
Cambridge appointments recruitment agency.

## EUROBOND SETTLEMENTS SUPERVISOR

Age 26-32 c. £10,000

Rapidly expanding International Bank seeks to appoint a fully experienced and very capable person to control new department. A minimum of three years' settlements experience is essential, and a knowledge of Euroclear and Cedel is a pre-requisite. Prospects are obvious, and fringe benefits outstanding.

### SYSTEMS ANALYST

Age 25-33 c. £8,000

Leading International Bank requires ambitious and able person for the above position. The job involves the development of new systems and the maintenance and update of existing systems. Previous banking experience is not necessary but a minimum of one year's exposure to Cobol programming or systems analysis is essential. Full fringe benefits include 3% mortgage facility.

For more details of the above positions and the many more we are currently handling, please telephone in the strictest confidence, Mark Stevens (Assistant General Manager).

**BANKING PERSONNEL**  
41/42 London Wall London EC2 Telephone: 01-588 0781  
(RECRUITMENT CONSULTANTS)

## Senior Appointments

### FINANCIAL CONTROLLER

North West London £10,500 + car + benefits

The UK division of a large European group specialising in the manufacture of industrial/domestic chemicals offers an extremely attractive career to a young qualified accountant with production experience. Reporting to the Financial Director, responsibilities will include all aspects of management accounting, systems development and EDP.

Commencing salary and benefits are those normally associated with a large successful company. Ref. B940.

Reply in confidence to Ian Crichton or Mark Lockett.

ACCOUNTANCY PERSONNEL SENIOR APPOINTMENTS  
41 London Wall, London EC2M 5TB 01-588 5105

## AUSTRALIAN BANK

REQUIRES

CHIEF

### FOREIGN EXCHANGE DEALER

This will be a senior position and applicants should have the ability to control and motivate a progressive Deposit and Foreign Exchange activity.

SALARY IS NEGOTIABLE

Apply in writing, with curriculum vitae, to:

The Personnel Manager,  
THE COMMERCIAL BANKING COMPANY OF SYDNEY, LTD.,  
27/32, Old Jewry, London, EC2R 8DE.

## AL ANGATE RECRUITMENT CONSULTANTS

MONEY BROKERS require L.A. dealers £12,000-£15,000.  
DEPOSITS MANAGER for Finance House, £7,500 plus bank benefits.  
EUROBOND DEALER, City Bank, £12,000.  
MANAGEMENT ACCOUNTS Consortium Bank, £8,000-£9,000. (2).  
PROFIT & LOSS ACCOUNTS, Age 25-30, £8,000.  
CREDIT ANALYST (Spanish speaking), £8,000.

ASK FOR DELLA FRANKLIN  
01-248 6071  
76, Queen Victoria Street  
London, EC4

PART-TIME ACCOUNTANCY SERVICE Required for new business West London location. High salary, 4-5 hours weekly. Small initial outlay, remuneration first class growth potential, time rate, by way of retention. Advantages to include knowledge of industrial sales and major consumer products. Write Box A.7124, Financial Times, 10 Cannon Street, EC4P 4BY.

## Finance Director (Designate)

Middlesex/Suffolk

c. £13,500 + bonus, car, etc.

International Flavours & Fragrances (GB) Ltd. is to appoint a chief accountant to succeed the retiring finance director. The company is a major manufacturing subsidiary of IFF Inc. of America who are the leading suppliers of high quality products to the food and perfumery/toiletries industries throughout the world. The group has an impressive growth record. The person appointed, aged 32-38, will be a qualified accountant, probably with a degree, and with at least five years' sound industrial

experience involving cost analysis, management reporting, financial controls and staff supervision. The company is looking for initiative and management potential. The remuneration package (bonus, car, live BUPA and pension, etc.) is exceptionally good; the working environment and the future prospects are both attractive.

Write for an application form, quoting reference 19961.. to F. M. Nell, Executive Selection Division.



Peat Marwick Mitchell & Co.

165 QUEEN VICTORIA STREET, BLACKFRIARS, LONDON, EC4V 3PD.

## Deputy Banking Hall Manager

Birmingham

Our client, a leading merchant bank with an extensive retail banking operation throughout the U.K., wishes to appoint a Deputy Manager for its Banking Hall in Birmingham.

The role of Deputy Manager combines both banking and organisational skills. Applicants, male or female, should therefore be well versed in all aspects of retail

banking, especially lending, and must possess the ability to supervise staff in a busy and demanding work environment.

Excellent career prospects and a competitive salary are offered, together with the usual benefits. Please apply with full personal and career details to Position Number ASD 7725, Austin Knight Limited, London W1A 1PS.

Applications are forwarded to the client concerned, therefore companies in which you are not interested should be listed in a covering letter to the Position Number Supervisor.



## Austin Knight Advertising

## FOREIGN EXCHANGE DEALER

TO £17,000

Our client is a well established American bank which maintains a compact London office where it seeks to expand its dealing activities by appointing a foreign dealer. You'd principally deal in European currencies in which previous experience is sought. The bank seeks to appoint a really experienced trader with a minimum of 5 years' dealing experience and preferably in the age range 25 to 30 to fit in with the current team. Salary will be £10,000 to £17,000 by negotiation and benefits include low interest mortgage.

To apply call Dudley Edmunds on 01-588 3055 or write to Alison Harding Ltd, Banking Recruitment, 56 Moorgate, London, EC2

Alison Harding Limited  
BANKING RECRUITMENT UNIT

## CREDIT ANALYST

London office of major European bank requires a DEPARTMENT HEAD

Applicants should have initiative, substantial experience and be capable of training staff. Knowledge of French would be an asset. A competitive compensation package will be negotiated according to experience.

Please write confidentially with comprehensive C.V. to Box A.7134, Financial Times, 10 Cannon Street, EC4P 4BY.

APPOINTMENTS ADVERTISING RATE  
£19.50 PER SINGLE COLUMN CENTIMETRE

مكازم الأخبار



## Fidelity.

Curwaine, Director of Baring Brothers & Co., Limited, 88, Leadenhall Street, London EC3A 3DT.







## THE MARKETING SCENE

BY MICHAEL THOMPSON-NOEL

6 It sounds like heresy, but Lever has not only out-manoeuvred Proctor & Gamble; more astonishingly, it has virtually out-marketed it 9

# How Lever wrote its own business legend

ONE OF THE unsung heroes of the industrial scene stepped warily into the limelight in London this week. He did not stay long. He was courteous and affable and then withdrew—back to the Kingston fastness of Lever House. As chairman of Lever Brothers, the Unilever subsidiary, for the past six years, Len Hardy has a record as a business fighter that would make an old-time pugilist huckle and reel. An accountant by profession, he joined Unilever in 1959, and Lever two years later.

Mild and bookish by appearance, this accountant-turned-salesman climbed swiftly. Within three years of joining Lever, he was the sales director—within another five, the marketing supremo. Five years after that he took the helm.

He has a streak of such competitiveness that he has driven Lever into a position of clear dominance in an industry—soaps and detergents—where the fighting is so intense, the pressures so precise, that the margin for error, or for failure of nerve, is virtually non-existent.

It is a market of nearly 800,000 tons worth approximately £400m at RSP in which the three main protagonists—Lever, Procter & Gamble, and Colgate-Palmolive—supply over 75 per cent. At the very heart of the fight is the bare-knuckled rivalry between Lever and P&G.

For years, the name Procter & Gamble has been virtually synonymous with marketing

**The margin for error, or for failure of nerve, is virtually non-existent**

success. Its technological efficiency and business systems, its commitment, clout and sales prowess, have won for it almost despotic success, not only in the U.S. but in virtually every foreign market in which it competes.

But not in Britain; at least not any more. The crux of Lever's current performance is not so much that it has fought its way to dominance in one of the toughest markets there is, but that in the process it has administered a thrashing to Procter.

According to one business analyst: "It sounds like heresy, but Lever's has not only out-manoeuvred P & G; more astonishingly, it has virtually out-marketed it. It has taken Procter's on at its own deadly

game, and beaten it. It is difficult to say how long this supremacy will last. P & G has to retaliate. It is too large, too good, and has lost too much face, but in a country like Britain that is short of business legends, nothing can detract from what Lever's has achieved."

"This week's brief public appearance by the Lever chairman was a breakthrough for an industry that is congenitally shy."

"True, the companies haven't sought publicity," said Mr. Hardy. "But the fact that three main companies—P & G, Colgate-Palmolive and Lever—are subsidiaries of multinationals has also tended to shield them from normal analysis."

Lack of conspicuousness could have its advantages, but Lever was ready to stand and be counted.

In a total market worth £400m, the biggest sectors are washing powders (£199m, of which low-suds powders account for £75m), dishwashing products (£70m), toilet and hand soaps (£50m), fabric conditioners (£29m), and bleaches and laundry cleaners (£28m).

The industry comprises more than 50 companies, of whom five dominate. Apart from the big three, there is Allright & Wilson, the main producer of own-label brands, and Cussons, best known for Imperial Leather.

P&G markets 14 brands at present, Colgate nine, Lever 28. Lever itself is probably the largest soap and detergents company in any single European country.

Overall, the total market is virtually static. Between 1973 and 1979 total market volume grew by an average of around 2 per cent per annum, while the retail value of the market barely kept pace with inflation.

On the other hand, significant market growth has occurred in three key sectors, and it is in these that Lever has made its most profitable headway. They are low-suds powders, designed for use in front-loading automatic washing machines, where volume sales have risen by more than 400 per cent to 134,000 tons since 1973; fabric conditioners, now used in 50 per cent of UK households (71,000 tons), and liquid scourers, where sales have nearly doubled in the past four years.

The competitiveness of the industry shows up most graphically not in the battle for total tonnage, although that is crucial to brand power and profit, but on the retail price front.

Over the past 13 years, the three majors have introduced 18



Len Hardy, chairman of Lever Brothers: Leadership based on minute attention to detail, ceaseless pursuit of improved performance, perfectionism, and impossible stamina.

successful new brands to meet changing marketplace needs. But because of the struggle for dominance, the housewife pays less today for soaps and detergents than she did in 1973.

"The industry has in the past been criticised for extravagant advertising and promotion," said Mr. Hardy this week. "To many we are still the provider of plastic daffodils, although we gave the last one away in 1983. The fact is that the average price of detergents has risen far less rapidly than the general rate of inflation, and far less rapidly than the food index. A packet of washing powder which cost 20p in 1973 still only cost, in real terms, 19p in 1979, despite the fact that most of the raw materials are derived from oil."

The pressure on profit margins is such, says Lever, that if the average weekly household expenditure on soaps and detergents—an estimated 38p—is broken down in terms of a typical Lever product, the indicated pre-tax net profit to the manufacturer is 1.5p—equivalent to a net margin, before tax, of 5.3 per cent of sales turnover.

To remain profitable (Lever's profits exceed the Unilever divisional average) in the face of increasing raw materials costs which it can neither control nor fully recover, Lever has boosted output-per-employee in the past five years by 46 per cent, as well as spending more than £20m on its factories in Warrington and Port Sunlight.

Lever's own sales last year exceeded £200m. Production, including exports and output for associated UK companies, was more than 500,000 tons. Volume sales in the UK rose

**We gave the last plastic daffodils away in 1983**

by a record 11 per cent, and Lever stretched its overall market share in soaps and detergents to an estimated 42 per cent, against 30 per cent for P & G, 6 for Colgate and 13 for own-label. (These figures, based on independent market research work as well as Lever estimates, are drawn from an internal Lever review.)

At the end of last year, it held market leadership in five out of seven marketing categories. In total washing powders, it had an estimated 62 per cent of sales against P & G's 40, while in the low suds area, it held 62 per cent to Procter's 30.

In fabric conditioners it held 46 per cent in 1979, or twice the share of P & G. In toilet

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and hand soaps, the launch of Pink Shield took it to 30.3 per cent of a highly fragmented market, against 15 for P & G and 14 for Colgate. In scourers it held 47 per cent of a changing market, with liquid scourers gradually replacing the older powder products. And in liquid bleaches and laundry cleaners, Lever's Domestos, a highly profitable brand, continued to dominate a market in which Lever pushed up its share to 47 per cent.

In contrast, it lags well behind P & G in dishwashing liquids, where it has only 18 per cent to its rival's 32, and in the general purpose household

cleaning sector.

Much of Lever's current dynamism is attributable to its performance on the new products front. Today, 56 per cent of Lever turnover comes from brands introduced in the past 13 years.

Its most famous success is Persil Automatic, the star performer in the £75m low-suds market. Lever was quick to spot the potential growth in sales of automatic washing machines, so quick, in fact, that it left Procter trailing. Persil Automatic was launched in 1968, under the brand umbrella of Persil itself, which dates from 1909. Lever is generally very wary of umbrella brands, but

the venture has paid handsomely.

By 1973, when P & G replied with Bold, Persil Automatic was selling 24,000 tons. Last year it sold 100,000 tons. The result of this fast footwork is that Persil Automatic now has around 22 per cent of total washing powder sales, Persil itself still has 14 per cent or so, Bold about 10 per cent.

Another important feather in the Lever cap is Comfort, its fabric conditioner, which it launched nationally in 1969. This gave it a five-year start on P & G's Lenor. Sales of conditioners this year could be worth £40m.

Put most strikingly, Lever's clear objective is to be market leader in all existing and new segments. Its research and development work are meticulous in the extreme, and once identified, new product opportunities are pursued with a fanatical determination and belatedly in marketing that hells the Lever pedigree.

Its origins are paternalistic, so that there is something almost schizophrenic in the way it pounds after tonnage and seeks to stomp the opposition.

"We want big brands, and big brands only," says Len Hardy. "In a market like ours, where margins can be perilous and there are relatively high fixed costs, volume is the key to productivity and efficiency. It is very difficult to secure real technological breakthroughs, so higher margin have to come from volume and thus economies of scale."

The management tiers at Lever are very skilfully blended. At the top is the marketing operation. According to marketing director Andrew Seth: "In markets that are generally static, we have successfully challenged the notion that you cannot expand via marketing growth; in markets that are expanding, we have

got in fast with very strong brands and sold aggressively."

In terms of market share, it is essential that we keep a firm grip on powders, which account for roughly half our volume and approximately half our profit. By the end of the 1960s, thanks partly to the brilliant launch of Ariel, Procter was leading us by 52 per cent to 45. We had to shake up our business."

Lever sees its price/volume relationships as absolutely critical.

**It is Lever's great fortune to have had as successive chairmen a strategist followed by a salesman**

cal. It puts a thumb-screw to its prices and seeks its profit out of increased share. The measurement and control of costs is a traditional area of P&G superiority, but Lever claims it has achieved equality.

"Particularly in the growth markets," says Mr. Seth, "we are selling utterly cost-effective formulas in utterly cost-effective packs. Senior management probably spends 25 per cent of its time on product formulation, packaging and cost control. Our attitude to cost is as abrasive as whether we're buying advertising services or phosphate from Morocco."

In real money terms, Lever and its competitors spend much less on advertising than formerly — just over £18m in current money last year, according to MEAL, against £14.6m in 1973.

The pride and drive at Lever stem directly from the chairman, Norman Straus, formerly

Lever's advertising manager and now a special adviser to the Prime Minister in the No. 10 Policy Unit, says Lever has the most sophisticated, most market-orientated team of managers in the business.

"Len Hardy's leadership is based on minute attention to detail, a total commitment to do better, ceaseless pursuit of improved performance, perfectionism, dedication and impossible stamina."

"The groundwork was laid down 10 years ago by Tony Hill, then Lever's chairman and now a director of Unilever. He established a classic corporate plan and instilled a great sense of teamwork. He created a machine which Hardy has tuned to perfection."

It is Lever's considerable fortune to have had as successive chairmen a strategist followed by a salesman. Against P & G, Lever has shown how to beat one of the best companies in the world."

In Britain, some observers say, P & G has got stuck in a rut. Book that Lever has rendered out of date, particularly in terms of brand positioning.

But the 1980's will be hard, for Lever as for others. Its hope must be that when times improve, its volume-building crusade of the past ten years will not have been jeopardised — that it can capitalise on the opportunities of a return to growth.

Because it is part of Unilever, it cannot readily pursue P & G and Colgate into associated markets like personal toiletries. "On the other hand," says Len Hardy, "20 years ago, many people in the business thought the scope for growth was strictly limited, and yet in the past ten years we have introduced nine major brands which today account for 60 per cent of Lever sales. There is a great deal more that we can do."

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# THE ARTS

Covent Garden

## Triple Bill

by CLEMENT CRISP

Since a scheduled revival of *On the Way* has not been possible—(or *the way* was)—the Royal Ballet has conferred an illustrious triple bill from second-hand items—MacMillan's *My Brother, My Sister* and Robert North's *Troy Game*—and a first creation by David Bintley for the Opera House troupe. This is *Alien*, a realisation of Andrzej Panufnik's 1971 violin concerto, which continues the collaboration begun with Bintley's setting of Panufnik's *Homage to Chopin* for Sadler's Wells Royal Ballet. For theme, Bintley has turned to the composer's life, finding a programme for his plotless dances in the fact of Panufnik's need to seek artistic liberty by quitting his homeland. But where *Home to Chopin* was an assured personal view of the academic style, because written for dancers whom Bintley knows well, *Alien* seems to rely more than it should upon received ideas, both about choreography—there are debts to MacMillan and Tetley—and interpreters, since Bintley is on his familiar territory with the Covent Garden ensemble.

The first two movements of the concerto are spare, translucent, and Bintley produces an opening ensemble for four women, led by Monica Mason, and eight men, that hints at distress of spirit. He follows this with a pas de deux for Merle Park and David Wall, occupying the music's adagio, which seems to aspire—Park as muse and companion to Wall—and is the most accomplished part of the ballet. The music's

mood changes with the final vivace, Bintley bringing on Graham Fletcher as a cheerful (almost Bratishch-like) figure, whose sudden moments of anguish are mocked by a chorus of four girls. As sometimes happens when orchestral last movements are involved with choreography, there is a problem to reconcile the preceding seriousness with closing jovialities, and this finale of *Alien* sits oddly with the earlier sections.

The positive merits of *Alien* lie in Bintley's ability—rare in a choreographer of only 22—to set out his choreographic patterns so securely on the Opera House stage, and in an imaginative energy which—in its best moments—in the first and second movements—speaks with an individual creative voice. There is a good set—an abstract wash of grey brushstrokes—by Mike Becker, but far less happy costuming, mostly dull-coloured and unbecoming in cut. Alpha Holmes and the Opera House orchestra under Ashley Lawrence gave a finely judged account of the score.

We saw *My Brother, My Sister* two years ago with the Stuttgart Ballet for whom it was created. It is one of MacMillan's darkest, most intriguing works, a portrait of an isolated, self-obsessed and self-destructive group of siblings, whose murderous and incestuous games grip the imagination. At the first performance on Tuesday night, the Royal cast was uniformly good, but discussion of this revival can do better wait until later this week, when

Birgit Keil and Richard Cragun—originators of the two leading roles in Stuttgart—will appear. Tribute, though, must be instantly paid to Jennifer Penney as the principal sister. In an interpretation of chilling power, Penney gave a marvelously sustained and nuanced portrayal of madness and vicious menace. At one moment she bourrées exquisitely across the stage in pursuit of Lesley Collier also very fine), and the effect is of a murderer whispering appalling threats to her victim. Horrific, and horrifyingly good.

About the arrival of *Troy Game* in the Royal stable I am puzzled. When staged for London Contemporary Dance Theatre six years ago, it was a jolly exercise which showed off the skill of six fine male dancers, and provided light relief in an otherwise rather solemn repertory. At a gala last year some of the Royal Ballet's men joined the LCDT cast in a performance of *Troy Game*, which must have given someone the idea that it would be amusing to allow the Royal chaps to flex their muscles more regularly in this fashion. But the piece is as hollow in its machismo attitude as it is in its clatter of percussion from the orchestra pit, and ballet-trained bodies lack the weight and power in dynamics that LCDT's men bring to it. Instead of being indulged in his beefy rodomontade, the male dancers of the Royal Ballet need to be enhanced and challenged by Bourdonville training and Bourdonville repertory. Therein lies true masculinity as dancers and artists.



Merle Park and David Wall in 'Alien'

City Hall, Newcastle

## The Police

by ANTONY THORNCROFT

The Police ended their world tour on Monday night where it began—in Newcastle. Three years ago Gordon Sumner was a local schoolteacher, now he is Sting, the pivot of one of the most successful bands to be thrown ashore by the new wave. In the City Hall, before his home crowd and with the help of the odd raw egg, he strained the last few rasps from his taxed vocal chords, leapt one final scissor kick, and fled—to complete a badly needed new album in a less taxing environment.

The Police have been so successful in the past year that they dare not perform in the UK again for some time for financial reasons—and also for musical ones. For Monday's concert was very much the end of the era. The two excellent albums which have spawned lots of singles and lots of sales now sound quite exhausted. It was nice to hear the songs again, but not now again. Still in this particular setting, with the audience on its feet and happy from the start, it was an exhilarating envoi.

The power of The Police is that they re-packaged new wave

energy with good old fashioned hook lines and added a white reggae beat. When they are putting on the punk they look uncomfortable; when belting out insistent melodies and rhythms of songs like "Roxanne" and "Can't stand losing you" they jump age gaps and musical prejudices. They are the pop group of the eighties to be enjoyed by people of the seventies, indeed the sixties.

Much of the appeal comes from Sting, shock-haired, rough-voiced, making the bass almost exciting. Andy Summers adds equally raw guitar and Stewart Copeland on drums, armed with shorts and a video camera to film the crowd, balls the drums with enthusiasm if not with finesse. The possibilities of a rock trio are limited but The Police do not outstay their welcome, and leave the audience if not crying for more, at least quite satisfied. It is time for The Police to move along but they deserve public respect for the liveliness of the past year and at Newcastle they must be highly commended for making the most of comparatively little.

Banqueting House, Whitehall

## Acis and Galatea

by FRANK DOBBINS

On Monday evening the 1980 English Bach Festival made an auspicious start beneath Ruben's gloriously-painted ceiling with a bright performance of Handel's delightful pastoral masque. The 1718 version, composed for the private entertainment of the Duke of Chandos at Cannons, recorded by John Eliot Gardiner and The English Baroque Soloists, is again favoured with a performance in the "authentic" manner on baroque instruments. The present production devised and edited by Brian Trowell uses a smaller ensemble than Gardiner's with just three violins, cello, double bass, harpsichord and a pair of oboes doubling on recorders. The single cello appears to be at variance with markings on the autograph score and the absence of a bassoon to balance the oboes seems regrettable; but the instrumental octet neatly balanced the six singers who not only represent the pastoral protagonists but combine as the chorus.

On the whole the vocal duplication did not impair the dramatic presentation, although the Polyphemus remains problematic since the bass voice is required in the preceding chorus—"Wretched lovers." However, there was some awkwardness in

movement and action without props or scenery and it may be significant that when Handel himself revived the work for the theatre he presented it in the manner of an oratorio.

Professor Trowell's edition restores some of the original text collectively compiled by John Gay, with help from Alexander Pope and John Hughes, but subsequently revised. This Included Polyphemus' second aria "Who would bear a woman's toying?" later expurgated as "Cease to beauty to be suing." The edition also prescribes ornamentation for the da capo arias, making skilful use of appoggiature and fioriture to enhance the interest and virtuosity without serious injury to the composer's fine melodic lines. Not all the singers seem to have managed this with complete ease, but Galatea's first aria "Hush, my pretty warbling quire" provided an object lesson with thrilling strains worthy of Handel's own leading ladies.

Ann Mackay's whole performance was a model of commitment, control and clarity. Her vocal beauty allied to her physical allure fully warranted the devotion of Acis as well as the passionate enchantment of Polyphemus and must ensure her a great future. Peter Jeffes, fresh from his success as

Tamino in Kent Opera's *Magie Flute*, lent much charm to the music of Acis, singing with limpid tone and lyrical warmth. Michael Goldthorpe was an earnest Damon, carefully measuring his phrases and lucidly articulating his lines while Adrian Thompson, as Corydon, almost subdued the giant's unruly passions with his soothing tones in the aria "Would you gain the tender creature." Rodney Macann looked and sounded suitably fearsome as the giant—even if some of his vocalisation seemed somewhat blustery in the resonant chamber.

The vocal ensembles were generally well co-ordinated and finely-balanced, while the instrumentalists garbed in Georgian elegance and directed from the harpsichord by John Toll were a little looser in setting the tempo for each number. The violin playing was uniformly trim, if faint, and although the occupational hazards of the baroque oboes made them sound rather more rustic there was some delightful futing to compensate.

A sound edition of Handel's splendid score, an authentic but vigorous performance by young singers and players, added to the charms of costumes and setting all helped assure a delightful entertainment.

John Lewis Auditorium

## Genevieve de Brabant

by RONALD CRICHTON

John Lewis Partnership Music Society have an admirable way of choosing for their annual production operas or operettas that entertain the audience, interest the huffs and collectors and are or appear to be fun to do for the performers. Their contribution to the Offenbach year is *Genevieve de Brabant*, the second of his full-length operettas, following *Orpheus in the Underworld*, less triumphantly successful, but revived twice in Paris by the composer. The first revival (1867) with a rewritten libretto and the two acts expanded to three is the one chosen by John Lewis. After the Franco-Prussian war there was a third version in five acts, as a grand spectacular.

Mythological Greece was forsaken for the French middle ages—probably Genevieve de Brabant, her crusading husband Sifroy (Siegfried), the wicked steward Golo and the warrior Charles Martel are even stranger to modern audiences than

Orpheus, Eurydice and Pluto. But the difficulty of allusion that has descended on Offenbach's librettos can be as much exaggerated as the obscurity of the musical parodies—Monday's audience took the farrago in their stride. Incidentally the story is basically the same as Schumann's opera *Genoveva*, a work of greater musical profundity if notably less theatrical flair—worthy one day of the attentions of this company.

James Robertson conducted with firmness and a measure of flexibility. The Cavendish Orchestra started well but tired a little before the end. The chorus, governed rather than costumed by Steven Gregory in dresses better made than we invariably see on grander stages, were lively. The production by Tom Hawkes, in Mr. Gregory's ingenious all-purpose silver set, marshalled a large number of people with some skill on a small stage.

The large number of characters, no doubt one reason for choosing the work, unfortunately precludes mention of

more than the principals. Jacqueline Branson-Jones as Genevieve looked a treat and sang with a forwardness of tone right for this music. The trouser role of the discreetly amorous page was excellently done by Kathleen Smales. David Flint as husband Sifroy, Trevor Craddock as Charles Martel were both above this country's operetta average.

The wicked, black-clad, slinky Golo of Bob French shared a touch of fantasy with his similarly attired, discarded wife Isoline (Jane Bolam), her role unfortunately confined to the last act. Geoffrey Wilson's translation, made for the occasion, sounded well on the too infrequent occasions when one could hear it (the standard Offenbach joke of parodying grand opera repetitions of phrases and half-phrases loses point when the phrases are not clear). For some reason the cast pronounced the surely long-analysed Brabant as "Brobant" and made the heroine's name sound like the French for January.

Lyric, Hammersmith

## Hay Fever

by B. A. YOUNG

To my mind, and apparently to the author's, *Hay Fever* is the best of Noel Coward's comedies. You can see his later effects there, in embryo; a formal construction forecasting *Private Lives*, the use of place-names in difficult conversation (Spain is a beautiful country, Italy's awfully nice, isn't it, Rome is a beautiful city) becomes "Very big, China, And Japan, very small", a cunning emphasis on irrelevant detail.

The play has aged better than the later comedies; perhaps simply because the jokes are better, though there are few actual jokes such as you would get in, say, *Ayckbourn*. "Where's the barometer?" "On the piano." This is hardly an after-dinner jest, but as Coward works it into his dialogue it is hilarious. Because the jokes are so intrinsic to the situations, which blossom, afresh, every moment—like colours in a

kaleidoscope, the play needs exceptionally good acting; and this production under the stylish direction of Michael Blakemore is blessed with a formidable cast.

Constance Cummings may not be everyone's immediate idea of Judith Bliss. She is younger than other Judiths one has seen, and less flamboyant. But she fits the situation very well; with two children aged about 20 she need not be more than cosily mature, and she turns on the drama well enough when it's wanted, as in the extracts from *Love's Whirlwind* that she extrudes with the children. Perhaps a little extra trace of poison would not go amiss, but I found the performance funny, and true.

She is well matched by John Le Mesurier, who gives a masterly display or artistic under-acting as her husband David, ever rising above mezzo-

forte until in the last act he is embroiled in a tremendous family row about whether the Rue St. Honoré or the Rue Boissay d'Anglas debouches into the Place de la Concorde—one of those emphases on the wrong detail I spoke of just now.

Felicity Dean and Brian Stürmer are a beautifully quarrelsome pair of Bliss children, and the four guests are ably taken by Jeremy Child (Judith's wet young fan Sandy), Polly Adams (a ginger-haired Myra), Moray Watson (the stuffy diplomat Richard) and Yvonne Anfibus (Jackie, fearful and overawed by everything). Mary Griffiths is delightful as Clara, going unwittingly about her domestic duties with a cigarette in her mouth. The pretty set by Julia Trevelyan Oman has a charming water-colour over the fireplace, and the costumes are as nicely in period as if they came from the V and A.



## Holkham manuscripts for nation

In one of the most important deals of its kind, Christie's has negotiated the private sale to the nation of a very important group of illuminated manuscripts from the library at Holkham Hall. The manuscripts consist of a 14th century copy of Dante's *Inferno* with the first known complete set of illustrations made within a century of the poet's death; Arzo's *Summa super Codicem*, produced around 1300 with probably the finest extant examples of Bolognese illumination; Boccaccio's *Decamerone*, written in Ferrara around 1450; and three early Byzantine gospels.

The Trustees of the Holkham Settled Estates, and Lord Coke, faced difficult decisions concerning the future of Holkham following the death of the 5th Earl of Leicester in 1976 and the consequent heavy liability to Capital Transfer Tax. One possibility was auctioning off some of the treasures but their national importance persuaded them to offer them to the Treasury "in lieu" of tax. It is hoped that the three Greek gospels will join other Holkham manuscripts at the Bodleian in Oxford while the others will probably be distributed among important museums.

St. John's, Smith Square

## Rafael Puyana

by DAVID MURRAY

Mr. Puyana's recital on Tuesday was in aid of victims of Colombian natural disasters. His programme, a little different from the advertised one, drew upon 150 years of harpsichord music: in place of the English music we had a Suite in F minor by Jean-Nicholas Geoffroy, of whom I can tell you only that his dates were 1633-1694—the printed programme revealed no more. His Suite bore interesting comparison with the C minor Suite by Bach's contemporary, Louis-Nicholas Clerambault (better known for his organ music). If Clerambault's Allemande was richer and more animated than Geoffroy's, Puyana has a particularly attractive side-slipping away with Allemandes—the Geoffroy Gigue, crisply inventive and quasi-canonical, made Clerambault's sound a conventional exercise. But charming: all this music, "Aria detta Balletto" (a rhythmically resourceful variation-set), sounded charming in Puyana's hands.

Like all the best harpsichordists, he offers a variety of touch which the nature of the instrument would seem *prima facie* to exclude. The period of the harpsichord as a sort of musical typewriter is safely past. There are players who carry expressive freedoms to a point of conscious sophistication beyond Puyana's, in the 17th and 18th century repertoire; he allows his music plenty of irregular life, but he never loses touch with the dance-forms from which it generally begins. He resorts to mechanical colour-devices only very discreetly (never, I think, for simple repeats), for his phrasing is sufficiently pungent to enliven the surface over the springing heat. His ornaments are turned with a resounding panache that must answer splendidly to the expectations of the period.

In Bach's earlyish Toccata in D, floridly dramatic, Puyana allowed himself fine rhetorical licence. In some performances effervescent humour dominates: Puyana found so much substance in the declamatory passages that the whole Toccata became too imposing for jokes. He seemed to have chosen his three Scarlatti sonatas for their complementary effect, not for contrast—it was the Scarlatti of dense percussive chords and thumping excitement who was represented here. Another Scarlatti vein, compacted high comedy in quick contrasts, surfaced instead in a pair of sonatas by Soler, of which one in the rare key of F-sharp major brought the recital to a robust and witty conclusion. Mr. Puyana is a natural tonic.

ICA theatre

## Towards a Nuclear Future

by MICHAEL COVENEY

When the Pip Simmons Theatre Group hits on the right material, there are few more exciting theatrical experiences. And for a company whose hallmark is the flagellation of reflex liberal assumptions, the nuclear energy debate proves ideal. This is only the second show to attack the subject (the first was Philip Martin's ill-fated *Thee and Me* at the National), which is somewhat surprising given that we now live in a nuclear age as opposed to a merely industrial or electronic one. The Harshburg disaster was the inspiration for Jane Fonda's film *The China Syndrome*. But not one life was lost in the accident, and we are urged to consider the view that nuclear power is safer than either air or car travel. Miss Fonda is written off as someone who made a million by selling her integrity. Ralph Nader derided as the cocktail party demagogue of the 70s.

That may be pushing it a hit far—and the show never describes the sheer physical horror of a nuclear explosion or its destructive potential—but Pip Simmons is in the pushing business. Could it be that the vociferousness of the anti-nuke brigade, resulting in a one-sided discussion, could lead to a decimated planet where the public remained uneducated

before being overtaken by events? In an attempt to redress the balance, Simmons gives centre stage to a relatively convincing apologist for nuclear energy. Roderic Leigh represents industry and is forced to compare the benefits of nuclear power with the right to express a view in a democracy as the rest of the cast don gas masks and shout him down with a paranoid protest song. The production really begins to bite now, as "concerned nuclear public" is dismissed as a movement out of proportion to the number of its supporters, thanks to media exposure, and the Friends of the Earth are presented as a wishy-washy Dylanesque tribe harking back, Mr. Leigh says, to the dark ages.

Without nuclear energy, we could soon have no sound and no light. The theatre is plunged into dark silence. Terrorism is the future industry, with nuclear blackmail its chief weapon. The company lines up to ask "where are the committed people?" Not, evidently, at the ICA. Sheila Burnett, representing the "Don't Knows," offers a gun to the audience as the cast huddle in blankets, on the point of extinction. Old-fashioned audience assault tactics confirm what Mr. Simmons knows to be true and

never fails to delight in demonstrating that theatre-goers dislike being involved and never answer back.

The central section gives us a highly imaginative treatment of Karen Silkwood's story. She was the first anti-nuke martyr, a laboratory assistant in an Oklahoma plutonium plant who died in a mysterious road crash in 1974. We see her discovering more than she should know and being stripped by men in white suits, deposited in a large can and sacrificed on the highway. Simmons's ambiguously jaundiced view of heroism is magnificently clinched in a pounding rock song dedicated to Karen, who "set the liberals free."

The evening's function is not so much the provision of information as the discussion of how society reacts to the phenomenon. There is a completeness and confidence about the show's purpose and its staging far superior to most British alternative theatre. The music is marvellous and the stage picture continuously fascinating. The media man and the industry chief end up sharing the same chair in front of a vision of fall-out and the lone wall of a cello. The company re-form the dejected tableau we began with. The candles are snuffed. The lights come up. Do you clap?

# Iran, Yugoslavia, Public Expenditure and EEC?

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Thursday May 1 1980

## A new queen's inheritance

THE RIOTING that marred yesterday's enthronement of Queen Beatrix of the Netherlands should not be given disproportionate importance. The new monarch inherits from her mother, the much-loved Queen Juliana, one of the most stable nations in Western Europe, if not the world. The country's institutions are deeply-rooted and its society is robust enough to be able to afford a high tolerance threshold for dissent. Indeed the right to differ, whether in viewpoint or in lifestyle, is enshrined in a Constitution that provides for the purest form of proportional representation. Despite the chill winds of recession, the Dutch remain one of the wealthiest people on earth.

## Difficulties

Yet both mother and daughter stressed the difficulties of the times ahead in their speeches at yesterday's ceremony. The Dutch are more dependent than most on the outside world, both politically and economically, and they are not like what they see. Politically, they want strong Western and international institutions and a healthy European Community—not conspicuous features of 1980. Economically, they need to trade to survive. But they have not yet solved the problem of how to maintain high standards of living while at the same time producing goods that are internationally competitive.

This year the official forecast is for zero growth and stagnating exports, unemployment at the relatively high rate of 5 per cent or more and mounting inflation. An inflation rate of perhaps 6 per cent may not seem much to others, but it is not good for a country that is and wants to remain firmly embedded in the North European hard currency bloc and whose most important market is West Germany. The traditionally "moderate" Dutch trade unions have reluctantly accepted a statutory wage freeze—following the breakdown of collective negotiations—but the possibility of increased militancy is never far away. The country no longer has the resources, nor the Centre-Right Government the inclination, to buy off demands for higher wages with expensive social hand-outs.

The housing problem, in part responsible for yesterday's riots, is also likely to become an increasingly pressing political

issue in the months ahead—with bills tabled in Parliament variously aimed at curbing speculative rights and preventing landlords leaving buildings unoccupied. In Amsterdam, at least, it is an explosive issue.

There will be little, in strictly constitutional terms, that Queen Beatrix can do to solve these problems. She is expected, however, to take a much greater interest in social issues, as well as in the problems of the Third World, than did Queen Juliana. The role of the Dutch monarch in Government, if limited, is still greater than in most other West European countries. The Queen chairs the Council of State, the country's highest advisory body, and has weekly meetings with the Prime Minister. In times of political crisis, not infrequently in the Netherlands, her function in the designation of Prime Ministers can be much more significant than in, say, the UK.

Political crisis, however, has been somewhat surprisingly absent from The Hague since the last one was resolved in December 1977. Mr. Dries van Agt, the controversial Prime Minister has defied his critics and kept his fragile-looking Centre-Right coalition in power, despite a wafer thin Parliamentary majority and fending within the ranks of his own Christian Democrats. In the past five months he has weathered two major storms—one caused by the NATO decision to install a new generation of long-range nuclear missiles in Europe, the other by the resignation of his Finance Minister over public spending cuts. He could well survive until his term expires in May of next year.

## Advantages

Thereafter, Queen Beatrix could face her first important political test, particularly if, after the elections, both Christian Democrats and the opposition Labour Party feel entitled to the post of Prime Minister. The new Queen starts with considerable advantages—the country is overwhelmingly Protestant, she is German-born, her husband, Prince Claus, has surmounted the initial problem of his nationality to become widely popular. But she is very different in personality from her mother—both more formal and more headstrong. In a country like the Netherlands, she will have to win her own spurs.

## The management of innovation

There is a widespread view that Britain is good at invention but bad at exploiting it. Some will find support for that view in the news that Thomson is to sell its medical scanner business to General Electric of the U.S.

EMI's development of the CT (computerised tomography) scanner in the late 1960s and early 1970s was one of the outstanding technical breakthroughs in British industry since the war. The inventor was awarded a Nobel prize; the machine represented a dramatic advance in diagnostic techniques.

## Bitter blow

Yet this is the business which has been largely responsible for the financial crisis at EMI and hence the merger with Thorn. The fact that it is now being sold to one of EMI's major American competitors must be a bitter blow to the people whose flair and hard work created it.

It is easy to be wise after the event, but it seems that EMI made a strategic error in the early years by deciding to go it alone with the scanner, especially in the U.S. where the bulk of demand was expected to arise. For a foreign company to attack the American market with a novel and technically complex product, requiring heavy sales and service support, is a formidable undertaking. Although EMI was no newcomer to high technology, it had an impressive record in defence electronics—it was predominantly a music and entertainment company.

The decision to reject the possibility of licensing and to take total responsibility for sales and service (and later for manufacture) in the U.S. put an excessive strain on the company. It might have been wiser to rely on licensing income in the more difficult markets as Pilkington did with its float glass process. There can be no hard-and-fast rule on these matters. Michelin, after all, launched a head-on attack in the U.S. market with its radial tyre and has been successful. But the scanner, where EMI was challenging the world's strongest electronics companies,

presented peculiarly difficult marketing and technical problems.

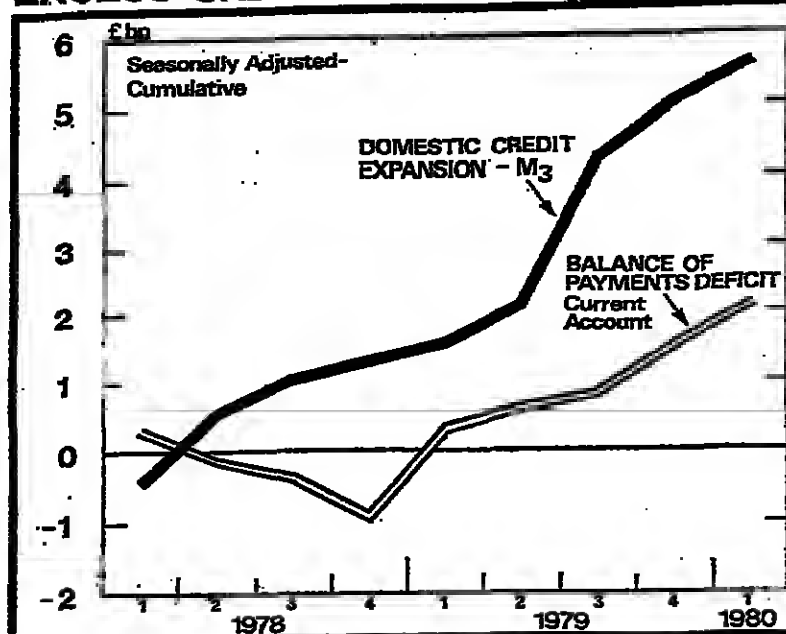
Perhaps it was a mistake, too, to have duplicated manufacturing between the UK and the U.S., with the decision to make the new 7070 scanner in the U.S. This product ran into engineering problems, though it was apparently well received in the market when deliveries started last year.

There are other difficulties which the company did not anticipate. It proved extraordinarily hard to obtain patent protection for the scanner, partly because the innovation lay more in the software than in the hardware. American competitors, fearing that their existing X-ray business might be undermined, did not hesitate to copy EMI's ideas. Secondly, the U.S. Government introduced measures in 1976 to reduce the cost of expenditure on health care; this drastically cut the rate of ordering for CT scanners. The market "contracted" just at the time when the number and effectiveness of EMI's competitors were increasing.

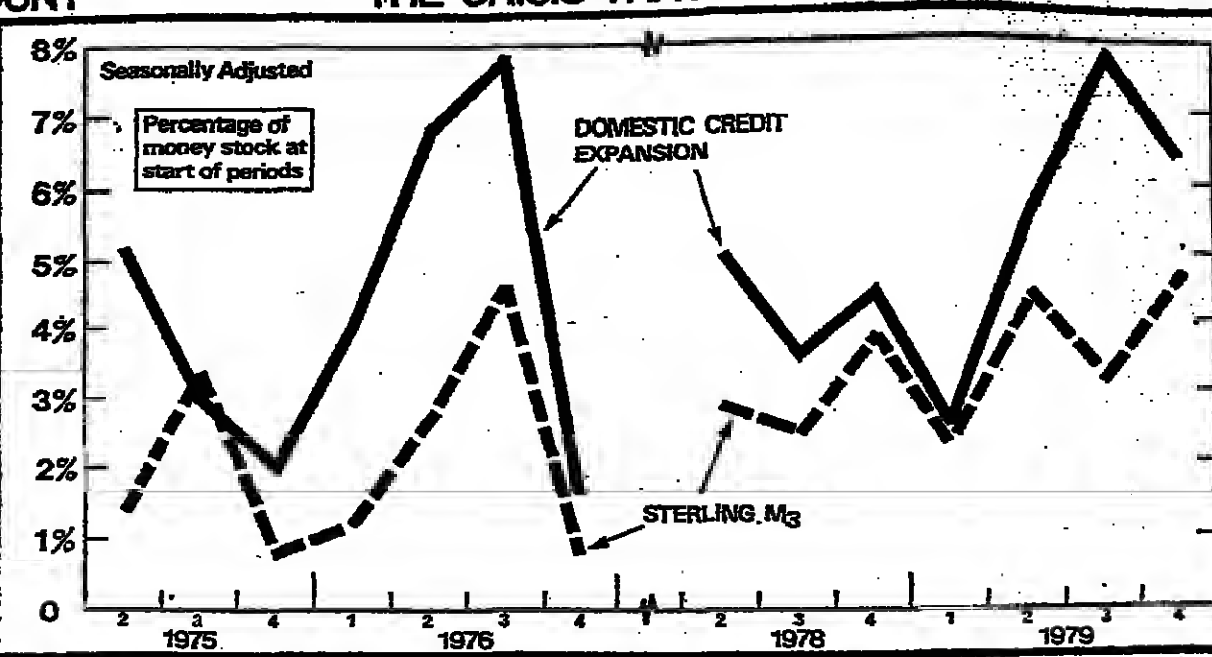
## Realistic

The scanner failed as a commercial enterprise, not because of some exclusively British inability to exploit inventions, but through a mixture of management failures and bad luck. Other companies should be able to learn from EMI's mistakes. And there is no reason why the story of the scanner, rather than, say, the Pilkington float glass process, should be regarded as typical of British industry. Nor should it be assumed, because the buyer happens to be General Electric of the U.S., that only the very largest companies can afford to handle inventions of this sort. Small and medium-sized companies have tended to be more prolific sources of radical innovation than the bureaucratic giants. Innovation can be profitable for large and small companies alike, but it has to be combined with a realistic appreciation of the problems involved in exploiting it and of management's capacity to cope with them.

## EXCESS CREDIT AND THE CURRENT ACCOUNT



## THE CRISIS THAT DID NOT RECUR



## ECONOMIC VIEWPOINT

## Results of twelve months of dogged oversimplifying

WHEN Mr. Edward Heath took office in 1970 his policy was to cut Government spending. Mr. John Macleod, his tragically short-lived Chancellor, was convinced that a very large saving could be achieved by abolishing investment grants and substituting tax allowances.

In spite of much patient explanation by officials to the effect that not collecting taxes was just as expensive as collecting them and handing out the proceeds, this was by then a political commitment, and for some time afterwards official papers presented this phantom "cut" together with footnotes explaining that it was meaningless.

As it happens, this particular misunderstanding has no very

If you borrow to live beyond your income not all the money... stays in your pocket.

serious consequences, and did help to provoke some improvement in the public accounts; when the Heath Government went off the rails, it was for quite other reasons. All the same, it does illustrate how easy it is for well-intentioned slogans to translate themselves into half-understood measures.

Today is a kind of anniversary—the first Thursday in May, which last year saw the election of Mrs. Thatcher and a Government rich in slogans. It is clear that after a year we have not arrived precisely at the planned destination; and it seems worth examining similar half-understandings.

Now the general view seems to be that though some things are regrettable, the heart is sound. Enthusiastic Government

supporters will criticise the increase in VAT, or public sector pay settlements.

They will get quite hot under the collar about unrealistic cash limits on local authorities, which have the effect of financing cuts in relatively bearable taxes, such as income tax, through steep increases in a tax so bad that the Government is pledged to abolish it—the local rate. The results may be seen at the polls today.

This is all very well for those of religious faith, who firmly believe, despite the lack of any clear evidence, that if a particular banking statistic called the money supply is firmly controlled, inflation must and will abate. However, Mr. John Biffen, usually regarded as the high priest of this doctrine, has just admitted that there are no clear causal links; and although he was only enjoining patience, it is interesting to take his words literally, and examine how the constraints might work.

The slogans, at least, are clear. The purpose of controlling the money supply is to check inflation; and while the Government's Green Paper on monetary control concedes that it is "desirable to monitor some measure of credit, such as DCE," money is what counts.

The results of monitoring the growth of domestic credit are displayed in the charts, and they are interesting. The first displays what I have chosen to call "excess credit"—the extent by which credit expansion has exceeded monetary growth over the last two and a quarter years. The lower line displays one of the counterparts of this excess—the deficit on the current account of the balance of payment.

This simply illustrates a truth at the national level which is familiar to persons—if you borrow to live beyond your income, not all the money you borrow stays in your pocket. Now nobody would try to amend the

habits of a spendthrift son simply by going through his wallet every day; they would restrict his income and warn off the moneylenders. Yet if monetary policy is addressed, as politicians like to proclaim, to preventing the nation from living beyond its means, it is missing the point.

Though the link between DCE and the current account is a lot clearer than that between money supply and inflation, there remains a large gap between the charted lines. The explanation is in its way even more extraordinary. It is filled quite largely by the huge retained profits of the banks, which have attracted so much attention.

Our national parent, in short, is not merely turning an indulgent eye on our habit of getting into debt, but is piling rewards into the pockets of the moneylenders—hardly the most direct way to restrain credit and monetary expansion in the future, one would have thought.

The strange thing is that the dangers of overlooking credit expansion are hardly unknown. Indeed, it is less than four years

In reality, we are... persisting in our familiar spendthrift habits...

since we suffered a major national economic crisis on this account. In 1975-76 we had apparently effective monetary control, but excessive credit expansion. As a result, sterling collapsed, inflation rose hugely, and only the policies imposed by the IMF—or, to be fair to Mr. Healey, largely adopted in advance when the Government had done its own analysis—headed off a real collapse and

## hyper-inflation.

Now as the second chart shows, if one looks purely at measures on money and credit, the last two years have looked almost uncannily like a re-run of the 1976 crisis; yet on this occasion, the results have been entirely different. So far from collapsing this time, sterling has been embarrassingly strong; and indeed this strength is imposing some check on inflation.

It is fashionable to argue that it is monetary policy which is sustaining sterling; but if this were the whole answer, the 1976 crisis becomes inexplicable. The question is rather why excessive credit expansion is not undermining sterling; and the answer, surely, is to be sought in the North Sea. In 1976 nobody knew whether the Government would change its policies; we needed the IMF's Seal of Good Housekeeping. This time round, any oil analyst can explain that the Government's own financial balance, and with it the balance of payments, is going to improve radically without any real effort at all.

However, this forecast itself raises some very awkward questions. What, it is reasonable to ask, will be the effect on the non-oil domestic economy of this statistical transformation?

The answers are puzzling. If we assume for a moment that all North Sea oil is produced by foreign companies, and that all future Government revenue is now going abroad in remitted profits, one can envisage a situation which seems to leave the rest of the economy almost untouched. In flow of funds terms, the PSBR and the foreign balance undergo equal and opposite changes, and no other flows are affected at all.

In fact, however, there are complicated results from what will be a drastic change in the capital markets. The scarcity of long-term Government

securities is likely to have drastic effects on long-term yields, and further repercussions on the rate of private saving and the flow of private investment; but as I remarked in a recent column, the forecasts of these various effects differ quite wildly.

We can now sum up the contrast between the Government's monetary slogans and the reality. In theory, we have a steady, unchanging and unyielding policy addressed to checking inflation. In reality, we are at present persisting in our familiar spendthrift habits.

... the Government will continue to believe in its own slogans...

but our credit is good because of the discovery of a rich dead uncle. We will shortly be embarking on a new financial adventure, in which the Government presumably intended to go on controlling the same partly misleading numbers, despite a change in our national financial structure which will alter the meaning of all of them drastically.

Throughout this process, the credit available to the non-oil private sector is likely to be adequate to finance a highly uncomfortable rate of inflation. At present this is financed by foreign borrowing and padding bank assets; in future, it will be financed because the Government will be taking far less than its share of credit growth. In spite of all this, the Government will no doubt continue to believe in its own slogans, because in spite of a lax credit regime inflation is being checked, and very painfully, in all sectors of the economy which are vulnerable to foreign competition. It is even quite possible that

in the long run, and in spite of the Government's proclaimed belief about the nature of the labour market, foreign competition will impose a generally lower going rate for wage settlements. We could in fact be on the road back to the 1950s, when inflation was constrained by an over-valued exchange rate, and the economy was correspondingly sluggish.

However, this is hardly the dynamic transformation which Mrs. Thatcher aims to achieve. It is worth trying to imagine what a policy really designed to achieve her stated aims would look like.

Monetary policy would be directed to achieving the kind of credit conditions that really would check inflation throughout the economy—in other words, to hold DCE somewhere near the permitted rate of monetary growth. North Sea revenues would require special statistical treatment in this context, to produce a large variable with some consistent relationship to pressure on the non-oil sector. A living illustration of such a policy is being provided by Mr. Paul Vuelker, chairman of the Fed. It would involve interest rates well above the rate of inflation, a collapse of the property market, and a much deeper recession than is now expected, but it would probably succeed in checking inflation.

Alternatively, inflation could be attacked by other means: confrontations in the public sector, a really ferocious control of monopolies (including, perhaps, controls on their prices), a herculean assault on the unions, and real cuts in public services. These are all unpalatable choices, and some of them might be called U-turns; but it is difficult to imagine any comfortable way of changing the habits and economic psychology of a nation.

Anthony Harris

## MEN AND MATTERS

## Dixie's bondsmen shut up shop

When Cyril Stephens—known as Steve in the market—retires from jobs as Medwin and Lowy later this year, the going-away present he most fancies is one of the framed Confederate State Bonds hanging in the partners' snug. So strong is his fancy, I hear, that one of fellow partners is said to check daily for empty spaces on the wall.

Medwin, alas, will not stay in business as long as Steve. It is to cease trading on May 9 and the partners will move to Wedd Durlacher Mordant, the City's biggest jobbing firm, in a merger which spells the end of the Square Mile's oldest stock jobber.

Medwin set up shop in 1863 jobbing in Confederate bonds to help finance the Southern states' struggle to maintain European links in the face of the damned Yankees.

Ironically it is the prospect of a 20th century British invasion of the U.S. which has led to the fall of the firm. As exchange controls have been lifted the amount of money involved in the City's transatlantic adventures has grown so large that Medwin had no choice but to find a partner like Wedd with muscle enough to finance the assault.

And now, as the television news-anchors say yaffer disseminating an undiluted dose of riot and destruction, cricket... Despite a slow puncture developing in the market for cricket memorabilia, London auctioneers Phillips are going ahead on May 14 with a grand auction aimed at those with hats on the brain.

The interest of potential buyers is likely to be focussed on the celebrated cricket library of Sir Pelham Plum Warner, MCC hero and captain of England, who died in 1963. His son, Esmond, is disposing of the collection.



century of Wisdens, estimated worth between £3,000 and £5,000, and a rare volume *The Laws of Cricket*, written in 1774 by "a Committee of Noblemen and Gentlemen" from the countries that matter when it comes to cricket.

But this will fetch, it is thought, only £500. And despite its reputation among cricket lovers, the collection altogether is estimated to be worth only £10,000. Phillips acknowledges that since its first specialised cricketers' auction in 1978 the market has sagged somewhat.

"Prices then were phenomenal," says a spokesman. "By and large people didn't realise quite how many objects there were connected with cricket." Dealers were thin on the ground, and not many more are expected for the sale next month. Marcus Halliwell, who is in charge of the auction, foresees the participation of numerous "schoolboys" and "things" of the general good value in the field of framed scoreboards, menus, and W. G. Grace memorabilia. "You can," he

says, "pick up a signed cricket bat for £15. A new one costs you £40."

## Banker's playtime

The Bank for International Settlements, the central bankers' bank in Basle, has built up a well-deserved reputation for doling out belt-tightening advice to deficit spending governments.

But when it comes to a little celebration, the BIS does not believe in half-measures. As part of its 50th anniversary festivities taking place at the June annual meeting, the bank is flying in at lavish expense one of the world's top symphony orchestras, the Amsterdam Concertgebouw, for a one-night stand before an audience of invited central bankers and functionaries.

The idea is believed to be the brainchild of music-loving Dr. Jelle Zijlstra, who combines the jobs of president of the BIS and governorship of the Dutch central bank.

The programme includes Rossini's well-worn *William Tell* overture, a work for strings and woodwind by the 20th century composer Hindemith and Brahms's first symphony—a programme, according to my man in the stalls, which is "surprisingly imaginative" for the central banking set.

## Spreading the bug

The problem of persuading enough Germans to man the humming Volkswagen assembly lines at Wolfsburg has led the Federal Republic's leading car-maker to adopt some unconventional new recruitment methods.

When its Italian workers return home across the Alps for their annual holidays this summer they will be armed with a special voucher allowing each to sign up one new VW employee. About 400 new workers were recruited with vouchers last year and VW has found that when new foreign employees already have relatives at work in Wolfsburg or elsewhere, the

process of settling in is made much easier.

The new system is thought an improvement on the tendency of Italian workers to return from their holidays with a sun-tan and a varying band of friends and relations.

## Clashing symbols

Wobbling doggedly along the Presidential campaign trail, Edward Kennedy was in Mexico this week, hoping to catch the eye of the Hispanic voters back home. Long regarded as a friend of the Mexicans for his kindly attitude to "wetback" illegal immigrants, he was understandably nonplussed at a cosy gift exchange ceremony with President Jose Lopez Portillo, who gave him a silver plate inscribed with a plumed serpent—emblem of Quetzalcoatl. "It was a symbol for my campaign," the President said with a broad grin, "but I don't think it will be of any use to you."

## Constant stable

I discover there is a curious connection between a 19th century Surrey landowner and the Companies Court at the Royal Courts of Justice.

In 1892, Mr. Justice Vaughan Williams, who had estates at Leith Hill in Surrey, was appointed the first judge to deal solely with company cases in the High Court.

His lordship, a keen huntsman, kept horses which were broken in for him by a local farmer named George Baker. Georges' father worked on the judges' estate, and Georges son still remembers walking horses home to Leith Hill after they had been broken in.

Nowadays there are four judges assigned to the Companies Court. Their chief clerk is John Baker, Georges' grandson. Who said tradition was dead?

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# China goes gold hunting

By PAUL CHEESERIGHT and COLINA MacDOUGALL

**READY EXPECTATIONS** that major Western mining groups could win rich pickings in China have been dashed. It is not that China has abandoned hopes of a massive growth of its mining sector. It is rather that China itself has realised there is no easy way to pay for its ambitions; that the economic infrastructure is too fragile and that development priorities have shifted.

Yet shortage of cash has meant that there is one constant element in China's plans: the programme to develop gold production. Output this year could be worth about \$550m, assuming average prices of \$400 an oz.

Some 20 years ago the State Council directed that there should be "a massive development" of gold production in order "to meet the expenses of national economic development and to increase the means of accumulating foreign currency." Such needs have become more acute as the pace of economic development has quickened and as foreign expertise and equipment have become increasingly involved.

Certainly, the tapping of China's abundant natural resources is fundamental to the industrial programme, and gold is singled out as a priority for development, as a string of foreign visitors to China testify. Relatively low capital development can produce a quick cash flow for a product of small internal importance. All gold produced goes automatically to the People's Bank of China, whose interventions on the international market in the past have been few but are now likely to increase.

In international terms, however, output is modest. Consolidated Gold Fields has estimated production to be at the upper end of the 30-40

tonnes per annum range. This puts China's production roughly on the level of Canada's, but still less than that of the biggest South African mine, Vaal Reef.

But production should increase during this decade, as the discoveries of the past few years are developed and as output is expanded at new mines. Links have been forged with Western groups. Davy McKee, a Davy Corporation, U.S. unit, has won contracts for engineering studies at two mines in Shandong. Alluvial Dredges of Paisley hopes to sell equipment for developments further north. Gold Fields has started technical discussions with the Chinese authorities.

The four main gold provinces of China are Shandong, Heilongjiang, Tibet and Guangxi, but new projects are under way in Sichuan, Shaanxi, and Yunnan. Indeed, the Chinese claim to have found gold in all the 27 provinces or autonomous regions.

There is, by all accounts, plenty of opportunity for an expansion of output, and, according to Mr. Michael Beckett, a director of Gold Fields: "It would not be too fanciful to look for a 50 per cent and possibly even a 100 per cent increase in Chinese gold production by the 1990s."

Such an increase will go some way towards alleviating the payments difficulties for foreign development contracts. When the Chinese first realised the full extent of their foreign exchange shortage a year ago, they began pressing enthusiastically for counter-trade agreements under which the foreign supplier would be paid in the product which he would market. In practice this has proved difficult to implement because of pricing problems. The Chinese are now contemplating the use of credit

These uncertainties have tested the patience of the throng of western companies queuing up for negotiations in Peking. But some contracts have been signed, reflecting Chinese concern about crucial shortages of copper and aluminium. In 1978 Chinese non-ferrous imports were about \$450m, with copper and aluminium accounting for \$200m each. (Mineral exports, mainly tin and tungsten, reached only \$150m.)

Two large deals in these areas have gone ahead. One is

to prefer to deal direct with the mining companies, though lack of experience makes it difficult for the Chinese to assess what best suits China's needs.

In France, Pechiney Ugine Kuhlmann have discussed an aluminium refinery and in Switzerland Alusuisse have a preliminary memorandum. The deal with the West German Metallgesellschaft, which in 1978 proudly announced it had got a contract for 22 non-ferrous plants, is officially still in negotiations. However all

number of non-ferrous plants had increased from 20 to 700.

The IMM was further told that copper production was running at 300,000 tonnes a year, aluminium at 400,000 tonnes, both lead and zinc at between 250,000 and 300,000 tonnes. Such figures are higher than many western observers had previously estimated. But it is not clear whether the recent rise in production represents simply a recovery from the economic ravages of the Cultural Revolution or,

before 1970, with often vague official announcements of the last three years about new discoveries and the observations of expert visitors. But the pre-1970 information remains the base.

A synthesis of this earlier information is contained in a document, so far unpublished in the UK, held by Geosystems of London. Embracing information from USSR and U.S. sources it puts bauxite reserves at roughly the level mentioned to the IMM by Mr. Gao. It estimates that China has 50-55m tonnes of manganese reserves, although these are unfavourably distributed in relation to steel making capacity, that lead reserves are higher than those in Australia and second only to the USSR, that China has the largest magnesium reserves in the world, and that there is a future export capacity in molybdenum.

More recently, Mr. Sun Daguang, director of China's Geological Bureau, has said that China has deposits of wolfram, antimony, copper, sulphur and phosphorus which are among the largest in the world.

Realising this vast potential, however, poses severe internal problems. Even within the mining sector different projects and different minerals have to compete for scarce funds: and the sector itself has been eclipsed by the authorities who favour agriculture and light industry where the pay-off is quicker.

The size of the country alone is an immense handicap. Communications are poor, with many rich deposits located in the far west or southwest at the end of a thousand miles of single-line railway track. Rail transport has not kept up with the growth of industry



and is already overburdened. Besides, the railways are crucially important for military transport to the frontier areas, especially near China's most important tin source, the mines at Gejiu in Yunnan province. These are only 50 miles from the Vietnamese border. It is indicative that the recently acquired foreign technology is mainly destined for central and eastern provinces such as Jiangxi and Shandong, relatively near the industrial heart of the country and the coast.

The shortage of electric power is equally serious. It is needed particularly for processing aluminium. Much existing industry is already unable to work at full capacity for lack of power. The shortage stems partly from insufficient coal and oil, production of which has levelled off in the past two years, and partly from too few power stations.

Although Chinese engineers can build power stations, they have not been able to do so quickly or effectively enough and Peking has looked to foreigners to help out. The Chinese have contracted for several recently from Japan and Europe, but these will only dent the overall problem. They are long way towards explaining the obvious aim of obtaining as much free information as possible from visitors without buying new equipment.

already being built, but it will take many years for this to come on stream. All the infrastructure for a growing power industry will also be needed.

Management, research and development are conspicuously handicapped by the lack of trained people. Numbers of technically skilled personnel are inadequate either for an expansion of the industry or for making use of existing plant.

Although much of the equipment is outdated by Western standards, going back to the Japanese occupation of the 1940s and the pervasive USSR influence of the 1950s, some Western observers have concluded that it is adequate, given the large labour force available.

The problems arise in areas like the inefficient layout of treatment plants, the lack of adequate ore-sampling techniques to provide an even feed of material for the mills, and the insensitive use of equipment.

The Chinese, of course, are aware of such problems. Indeed, their awareness that production could be increased, often by bringing into play Western management techniques, goes a long way towards explaining the obvious aim of obtaining as much free information as possible from visitors without buying new equipment.

**The tapping of China's abundant natural resources is fundamental to the industrial programme and gold is singled out as a priority for development, as a string of foreign visitors to China testify**

for the Japanese aluminium refinery in Guangxi, which is being built by a group headed by Nippon Light Metals. It will have a capacity of 80,000 tons of primary aluminium a year and cost \$150m. The other the contract for designs and equipment for huge copper mines in Jiangxi, is with the U.S. company Fluor. This contract, was expected to lead to orders worth \$800m. When complete the mines are to produce 190,000 tons of ore a day.

Other discussions on non-ferrous plant are still in progress. American firms, including the giant Alcoa, are negotiating projects in zinc, nickel, tungsten, aluminium and bauxite.

British companies are trying to put together packages covering mining, transport and marketing. This is proving difficult since the Chinese seem

these projected deals appear to be going slowly.

Part of the trouble, from a western point of view, is that China has made non-ferrous mineral production a lower priority. Development ambitions generally were sealed down in early 1979 and it has since become clear that coal and steel are being given greater emphasis by China's planners than non-ferrous minerals. It looks unlikely that Chairman Hua Kuofeng's previously stated aim of nine non-ferrous complexes by 1985 will be met.

This is not to say that expansion is unlikely—merely, that it will not take place as quickly as once envisaged. Indeed the industry has shown considerable growth. A UK Institution of Mining and Metallurgy (IMM) mission to China last autumn was told that between 1949 and 1979 the

rather, is a result of development plans.

What is not in doubt is that China has the mineral resources to sustain growth, and eventually to be self-sufficient.

But precision is difficult. The IMM was told by Mr. Gao Yangwen, Vice-Minister for the Metallurgical Industry, whose ministry coordinates the production of most metals, that China has reserves of 11m tonnes of bauxite, 50m tonnes of copper, 50m tonnes of zinc, 7m tonnes of nickel, 100m tonnes of rare earth oxides, 400m tonnes of titanium dioxide and "vast" quantities of rare minerals like tantalum and niobium.

To what extent these reserves represent economically recoverable assets remains obscure. China has never been free with mineral statistics and Western analysts have been forced to piece together information and assessments available from

## Inner city housing

From the Chairman, Isledon Housing Trust

Sir,—I was interested to read Gillian Darley's article (April 28) about the Soho Housing Association. The association must be one of the few specially concerned with housing people near their work, with the object of preserving part of an inner city's economy.

Until recently housing association activity has been overwhelmingly directed to "special needs" of a welfare kind or in providing, general, housing in parallel with that provided by local authorities. Even now, with a greatly reduced allocation, the Housing Corporation, in its circular of March 28, proposes concentration on the elderly, the disabled, small hostels and special projects with emphasis on "caring management" and rehabilitation in stress areas to revitalise inner city housing conditions. Nothing is said about revitalising the economies of inner cities, although Government emphasis on helping small businesses might be expected to lead to more attention to the needs of key workers.

In the inner city area of Islington and Haggerston, there is a substantial problem of young economically active people having to leave the area if they want to get married and have a home of their own. Young single people needed for jobs in the boroughs also cannot find anywhere to live, even in hostel type accommodation. Yet small employers are desperate for skilled workers and so is London Transport whose problems are creating the difficulties for late workers to which you refer.

For years the criteria for obtaining council accommodation have been based on "need" rather than economic utility, the points system has favoured the old, the ill and those with a number of small children. These criteria are entirely justified when one considers the appalling conditions in inner cities, originally brought to the public's attention in the Milner Holland Report. But unless some attention is given to the requirements of skilled workers and of the economically active, inner city areas will be unable to finance the huge burden of welfare needs, even at the high rate levels now being levied.

Councils are bound to be higher in inner city areas and this has to be allowed for. Moreover, there is a good deal of unused accommodation near shops, but technical and legal problems have to be overcome in order to exploit it, and this requires urgent administrative and legislative work by the central authorities. The Minister of Housing has recognised this, but there is nothing about it in the Housing Bill. Some better paid workers could be helped to acquire homes by shared ownership schemes. To get them to co-operate, the Department of Environment and the Housing Corporation. The sale of council houses in an area of this kind can, if itself, hardly be of much use. If anything, it will tend to reduce mobility.

Thus, the Government's objectives of economic recovery and of greater efficiency call for a substantial shift in priorities and a streamlining

## Letters to the Editor

of administrative procedures to help those organisations which are actually trying to help the recovery of inner cities.

A. K. Ogilvy-Webb, Isledon Housing Trust, 133 Upper Street, N1. Szgozsl. szduu. nu nu shrdl r

## The levels of fair rents

From Mr. R. Kitzinger

Sir,—It is gratifying that Mr. H. N. Darling (April 22) agrees that the application of the fair rent legislation is in a hopeless muddle. It is all the more regrettable that the debate on the Housing Bill has been glibly dismissed, with the result that this opportunity of clearing up the muddle will probably be missed. It is also common ground that the Rent Act has kept rents at too low a level to encourage the provision of residential accommodation for letting. Furthermore the protection which sitting tenants have been enjoying has no doubt resulted in their occasionally keeping larger flats or houses than they require in changed circumstances. The Rent Act has thus aggravated the shortage of accommodation for letting or for sale, and my objection to the judgment in *Mason v. Skellary* is that it makes the vacant possession value (which has been inflated artificially due to the fair rent legislation) the basis of "fair rents."

Mr. Darling does not seem to have grasped this point any more than Susan McCulloch (April 28) or R. Jensen (April 28), although Mr. Darling does recognise that a literal application of *Mason v. Skellary* would produce "ridiculous" results.

Mr. McCulloch rightly draws attention to the 40 per cent deduction for "scarcity" in *Mason v. Skellary*, but the word scarcity does not occur in the Rent Act. The Act speaks of excess of demand over supply, and as a price cannot increase without such excess. The Rent Act thus laid down that rents could not be increased in practice rent assessment committees have ignored this provision, as well as *Mason v. Skellary*, but my argument is, and has always been, that if Parliament passes an absurd Act Parliament should amend it and not leave it to the law courts or tribunals to make sense of it.

R. Kitzinger, 31 Oakwood Court, W.14.

## Index-linked mortgages

From Mr. D. J. Roof.

Sir,—Mr. Heath-Saunders (April 26) criticises my support for index-linked mortgages because I apparently assume continuing geometric increase in inflation. But index-linking does not depend on any predictions about inflation. Index-linking removes inflationary (and deflationary) distortions from long-term contracts. Certainly one hears more about index-linking (which Mr. Heath-Saunders calls a gimmick) when inflation is rapid, because then the distortions are most obvious. But if inflation stopped completely, an index-linked mort-

gage would be an ordinary mortgage.

Mr. Heath-Saunders is predicting interest rates like those in the 1930s. If he is right, index-linking will do no harm. If he is wrong, index-linking would help both borrowers and lenders—without needing Government subsidies.

D. J. Roof, Exeter College, Oxford.

## Tough times on £10,000 a year

From the Chairman, Reward Regional Surveys

Sir,—Your front page article "Tax policy hits middle manager" will, no doubt, receive enthusiastic assent from many of your readers. In fact, the effect of the recent budget has, as was apparently intended, been virtually neutral in its impact on executive salaries from £5,000 to £50,000.

It is clear, however, that the plight of the £10,000-a-year executive with a significant mortgage is very serious. In the year to January he did, for instance, need a 27.1 per cent increase to maintain his living standards over that 12 months. The most significant problem he faces and still faces is the 15 per cent mortgage interest rate, which, assuming a three-bedroom detached private house of a 70 per cent mortgage of around £22,000, was costing him £3,723.

Peter M. Brown, 1, Mill Street, Stone, Staffs.

## Absolute liability

From the Head of Consumer Affairs, National Consumer Council

Sir,—I am sorry to have to take issue once again with the CBI about product liability, especially since Mr. Bryan Rigby (April 24) declares that the CBI does not—and never has—opposed the principle of strict liability for defective products on the basis of the insurance costs involved, and since he agrees that U.S. experience is of little help because of the very different legal and social atmosphere there. The problem is that the issue of principle he finds difficult seems not to be an issue of principle at all in this country. Liability for defective products has been strict here since the 19th century. The consequences that the CBI fears have had plenty of time to manifest themselves. They have not done so.

What is being proposed is that the protection now enjoyed by the purchasers of a product through their contract with the retailer should be extended to other people who use or who are affected by the product, and should rest on the manufacturer.

No new question of principle about the strictness of the liability is involved. What is at issue is to whom it should extend. Consumer organisations remain convinced that it is wrong in principle for the ultimate user to carry, uncompensated, the consequences of loss or injury caused by defects in products. The loss should be carried by the person best able to prevent it: the manufacturer.

Maurice Healy, National Consumer Council, Queen Anne's Gate, SW1.

## Banking unions

From the General Secretary, National Westminster Staff Association

Sir,—The letter (April 25) from Left Mills, general secretary of the Banking Insurance Finance Union, raises several important issues which deserve a reply if only to correct certain inaccuracies.

Industrial action by BIFU in support of the parity claim for messengers with the maintenance engineers took place while negotiations were still in progress with NatWest Bank and your readers will judge whether the improvement for 17 messengers aged under 30 with less than two years' service, for whom negotiations were in any event continuing between the bank and both staff bodies, was a worthwhile achievement, the other elements of the final settlement were contained in an offer to both staff bodies prior to the strike action.

This brings into perspective our instructions to members to cross picket lines and work normally. We were not in dispute with the employer and negotiations continued on our claim lodged prior to that of BIFU and essentially the same as theirs, seeking parity between messengers pay scales and those of maintenance staff. We regard the actions of BIFU as totally irresponsible, creating as it did, widespread disruption to customers and staff, and lowering to an unprecedented level the standard of industrial relations in the banking industry.

The use of the bank's communication facilities is open to both staff bodies, subject only to acceptance of the content by the bank and the normal inter branch postal communication system is used freely by both BIFU and ourselves. As Dr. Johnston said in his report on staff representation in the major London clearing banks, independence of the staff associations is a "non issue" but yet again BIFU are raising this hoary subject having officially challenged our independence on three separate occasions and each time it having been proved that their allegations were unfounded.

The statement that BIFU wanted the Johnston talks to succeed contains only the slightest element of truth in that they were seeking through-out a "takeover" of the staff associations. It is a matter of record that the staff associations accepted Dr. Johnston's "Mark II" report, which was prepared at the request of the parties involved on a "take it or leave it" basis whereas BIFU did not, despite their public posturing and attempts to mislead banking staff into believing that they were prepared to accept this report. The three staff associations are currently in the process of forming the Clearing Bank Union, based firmly on Dr. Johnston's proposals and a ballot of members will take place within the next month. These proposals to amalgamate carry the full support and recommendation of the associations' policy making bodies and if accepted by the membership will enable CBU to be formed around mid July.

C. Carthy, 8-10, Deane Park Crescent, Bournemouth, Dorset.

## Today's Events

Post Office announces details of major improvement programme for telephone service.

Prince Charles speaks at Electronic Engineering Association dinner, London.

Local government elections in England and Scotland.

Man's place in evolution exhibition opens at Natural History Museum, Cromwell Road, SW7.

Exhibition of treasures from the archives of the National Postal Museum opens at Romano House Gallery, Strand.

Overseas: The Queen's state visit to Switzerland continues.

Engineering Industries Association mission arrives in Bulawayo, Zimbabwe, for international trade fair opening tomorrow.

PARLIAMENTARY BUSINESS

House of Commons: Debate on reports by Public Accounts Committee.

House of Lords: Debate on reports on trade policy, the Tokyo Round, and on energy objectives.

OFFICIAL STATISTICS

Energy trends. Consumers' expenditure (first quarter—first preliminary estimate). Building

society house prices and mortgage statistics (first quarter).

COMPANY MEETINGS

Allen Harvey and Ross, 45 Cornhill EC, 12.30. Beaton Clark, Hallam Tower, Sheffield, 12.30. James Dickie (Drop Forgings), Victoria Stamping Works, Somerset Road, Avr, 12. Montford (Knitting Mills), Grand Hotel, Leicester, 12. Ransomes Sims and Jefferies, Nacton Works, Ipswich, 3. Woodhouse and Rixon, Tipton Hall, Shore Lane, Sheffield, 11.45. Yorkshire Chemicals, Kirkstall Road, Leeds, 12. Yule Catto, New Bond Street House, 1 New Bond Street, W, 12.

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## UK COMPANY NEWS

## BATs edges forward in face of strong sterling

THE STRENGTH of sterling and higher interest rates held growth in pre-tax profits at BAT Industries over 1979 to 2 per cent— from £435m to £443m on sales of £7.23bn, against £8.84bn. Although still by far the greatest contributor to group results, tobacco showed a 3 per cent decline at the operating level owing to adverse exchange translation.

Because of a change of year end and the comparative figures are unaudited—taxable profit for the 15 months to December 31 last was up from £433m to £500m. Turnover for this period rose to £8.92bn (£8.72bn).

For the 1979 calendar year tax was lower at £171m (£185m) leaving stated earnings per 25p share ahead 4.3p at 7.13p, or, fully diluted at 67.6p (£62.2p).

The group has declared a first interim for 1980 of 4.84p. At constant exchange rates over the year sales would have been £907m higher and operating profit £35m more. Attributable surplus, reported up at £245m (£225m), before a £57m (£54m) retention for inflation, would have been £15m better.

At year-end borrowings were up from £278m to £308m and cash and current investments stood at £406m (£436m).

An analysis of turnover and operating profit of £535m (£505m) by industry shows tobacco £4,240m (£4,477m) and £329m (£338m); retailing £1,724m (£1,455m) and £42m (£26m); paper £702m (£569m) and £81m (£62m); packaging and printing £232m (£162m) and £11m (£13m); and other activities £330m (£181m) and £55m (£60m).

Tobacco volume showed an overall increase and turnover and trading profit both improved in local currency terms, although the strength of the pound adversely affected exports from the UK.

A good 1979 Christmas season in the U.S. was a factor in the improved performance of the retail operations, with Saks and Gimbels both reporting higher turnover and profits, and in the UK, International Stores returned to profitable trading.

The results from paper reflect the improved performance in Wiggins Teape and Appleton and the inclusion of the latter for a full year.

Mardon Packaging International which now comprises the packaging and printing sector of the group's industrial activities continued to perform well, but as this company did not become a subsidiary until November 1979, this is not fully reflected in group results.

In retailing, which produced a 62 per cent advance in operating results—the largest of any division—the Argos Catalogue Showroom chain has matched its profit expectations since acquisition in May 1979, the directors say.

The UK food retailing market remained extremely competitive but International Stores was able to maintain volume and restore trading profitability. Performance was also helped by the purchase of Macfarlane's.

In the U.S., the results of Appleton, acquired in June, 1978, are included for a full year. This and the growth in its profit

account for 70 per cent of the overall increase in paper division profits. Appleton has continued its substantial growth. For Wiggins Teape Group, trading profits increased by 10 per cent to £53m with the major proportion of this increase coming from the Continental European operations. Results from the Belgian-based Idem operation were particularly outstanding, BAT says.

In the UK, although paper sales advanced by almost 11 per cent in 1979, profits were only marginally improved, mainly reflecting a combination of adverse economic and trading conditions. In other activities the results for Pegulan, the home improvement business in Germany, in which a majority holding was acquired during the year, are consolidated for the first time. Trading results here showed a satisfactory improvement on the previous year.

In cosmetics turnover increased 12 per cent in sterling terms but operating profit remained unchanged at £5m with better results from Germaine Monteil in the U.S. being offset by poor results from Yardley in the UK and in Canada.

A downturn of more than £8m has left Gerrard and National with a loss after tax of £1.12m for the period, compared with profits of £5.01m. At the dividend total is lifted from 9.124p to 11.5p net with a final of 6.5p.

The deficit includes subsidiaries' profits of £52,000 compared with £71,000, including minority interests, last time. The profit for 1978-79 was also struck after a transfer to inner reserves. Asly and Pearce Group were taken directly to inner reserves during the year. A transfer of £1.5m has been made from inner reserves to general reserve, representing the retained profits of Asly and Pearce which had been incorporated in disclosed group reserves while it was a subsidiary.

Disclosed shareholders' funds now stand at £25.1m (£28.1m), and inner reserves at a higher level than previously.

After tax, rebate provision and a transfer to contingency reserves in Smith St. Aubyn, profit was £1.1bn against £1.5bn for Smith St. Aubyn Holdings. The dividend is stepped up to 8p (£5.46p) net with a final payment of 4.5p per 25p share. At Jessel Toyne there was a loss of £50,000 after providing for rebate, tax recoverable and all expenses, compared with a £942,133 profit which was also after a transfer to contingency reserves. A final payment of 2.375p lifts the dividend total to 4.625p (£3.649p) net per 25p share. The amount taken forward was £550,789 (£1.21m).

Lex Back Page

## HIGHLIGHTS

On a confused day for interest rates and currencies—the rise in German rates is in direct contrast to the recent trends in dollar and sterling money rates—Lex discusses the immediate prospects. The biggest company reporting yesterday was BAT Industries where pre-tax profits in calendar year 1979 were £443m against £435m. Lex also looks at a trio of discount houses reporting yesterday, two of which went into the red, and the column also analyses the LASHMO annual report. On the inside pages a number of companies come in for comment, the largest of which is Telephone Rentals, while the bid scene remained fairly active with a U.S. deal by European Ferries and Waring and Gillow coming up with an improved offer for Maples.

## Discount houses suffer setbacks

THREE MORE discount houses have announced a setback in results, for the year ended April 5, 1980.

Profit of Smith St. Aubyn and Company Holdings is down for the period, and Jessel, Toyne and Company, and Gerrard and National Discount Company both incurred losses, compared with profits previously.

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Lex Back Page

After taking a realistic view of manning levels, the board of Hugh Mackay and Company, carpet manufacturer, has made

110 employees redundant, Mr. J. Mackay, the chairman, told the annual meeting.

He said the first two months of the current year had shown losses, but the company moved out of the red in March. Steps taken last autumn have resulted in current liquidity being substantially better than in the year-end accounts.

Although trade is very difficult, he said the board continues to react in a positive and realistic manner. He said the improvement in the March figures and the improved liquidity resulting from de-stocking are encouraging and underlined the justification for all that the board was doing and planning.

Clifford Industries recovery

WITH second-half trading profits of £15,889 against a loss of £24,000, Charles Clifford Industries, metal manufacturer and sprayer, finished 1979 with a surplus of £20,839 compared with a loss of £171,319. Turnover rose from £9.7m to £11.88m.

As forecast, the year's net dividend is 7.5p after a final of 4.5p—no distribution was made in 1978 or 1977.

After exceptional debits of £42,700 (£299,583), profits at the pre-tax level were £185,183 (£470,912 loss).

A tax charge of £43,220 (£66,326 credit) and extraordinary debits of £115,269 (£160,249) leave the attributable balance at £29,653 (£56,855 loss). Earnings per £1 share are shown as 10.7p (£4.43p loss).

The showing from Charles Clifford is, without a doubt, disappointing. Against the previous year's loss, a profit is welcome. But in the second half of 1979 the company still broke even. The engineering strike hit hard at this producer of extruded wire and other metals the company says it forfeited about £200,000 on this score. Interest charges rose up £50,000 to around £300,000 and the group's overdraft continued a close to £2m. Clifford is now half-way through its two year, £1.5m rationalisation and reorganisation programme, financed via Government grants, overdraft and its recent rights issue. But immediate prospects remain bleak. The order book is thin and the company may have to cross its fingers to produce encouraging figures by the interim stage. As forecast, the total net dividend is 7.5p, yielding a response of 12.2 per cent, albeit uncovered. The p/e on stated earnings comes to 8.

Blue Circle AGM POSTPONED

Blue Circle Industries' annual meeting, due to be held on May 23, has been postponed because of the printing dispute. The second interim at same rate as final, which has been cancelled, will be paid on June 11.

WILLIAM PRESS

William Press-Colguy Holdings has acquired £5,670,000 ordinary (£5.79 per cent).

## A. Stanley rises by 54% and confident for 1980

RECORD SALES and profits for 1979 are reported by A. G. Stanley Holdings, the paint and wall-paper retailing group. The pre-tax surplus rose by more than 54 per cent to £2,96m, on sales over 76 per cent higher at £38.24m.

The net total dividend is effectively increased by 53 per cent to 2.5p (£1.63p), with a final of 1.5p.

Mid-term profits were well ahead at £1.24m (£75m).

Mr. Malcolm Stanley, chairman, says that in the first 16 weeks of 1980, group sales of Stanley and recently acquired Morris and Blakey Wall Papers increased by 41.2 per cent over the same period last year.

He adds that although it would be unwise to be over-optimistic, the group can face the rest of the year with confidence.

Earnings per 5p share are given ahead from 5.93p to 11.35p for 1979.

Tax charge was lower at £167,367 (£859,000). There was an extraordinary debit this time of £1m representing costs of acquisitions during the year and the goodwill written off in, and on, the acquisition of Morris and Blakey.

Excluding the contribution by Morris and Blakey, purchased last July, turnover and profits of the original A. G. Stanley Holdings Group during the year were 50.1 per cent and 45.3 per cent higher respectively.

Morris and Blakey's pre-tax profits fell sharply to £100,442 (£400,037) for 1979, including £36,922 (£76,460) surplus on property sales. Turnover amounted to £11.07m (£10.59m).

There was a tax credit of £284,153 (£202,539 charge). Extraordinary debits of £447,511 (£36,922 loss) included goodwill written off on consolidation, and £35,533 costs relating to the acquisition.

comment

Stripping out the first-time 12

## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Current payment	Total last year
A. Caird	10	July 1	9.27	10
BAT Inds.	0.91	June 13	0.7	1.66
Cent. and Sheerwood	0.37	July 1	Nil	7.5
Chas. Clifford Inds.	0.37	May 30	0.8	0.55
Comfort Hotels	5.0	May 30	4.0	12.0
Cammen Bros.	1.79	May 31	1.2	3.15
Fundinvest	6.5	July 2	5.12	11.5
Gerrard and National	2.03	July 2	1.89	2.95
T. C. Harrison	1.5	June 12	1.25	3.25
Blairmore Leslie	4.5	July 1	3.25	8.0
P. C. Henderson	2.88	June 13	2.77	4.83
Jessel Toyne	6	July 11	4.25	9
Minty	1.75	May 29	1.2	3.75
N. Atlantic Secs.	1.5	July 12	0.87	2.5
Scottish Heritable	4.5	June 12	3.05	3.55
Smith St. Aubyn	1.5	June 16	0.97	2.5
A. G. Stanley	2.5	July 7	4.8	7.5
Telephone Rentals	3.75	—	2.81	3.75
Turris Corp.	1.5	—	3.07	1.5
Uniflex Hldgs.	1.8	May 30	3.29	5
Whatman Reeve	5	—	—	—
Aysbire Metal	—	—	—	—

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † For 15 months.

month contribution from the Berger outlets (about £200,000) and six months from Morris and Blakey (£173,000). A.G. Stanley has seen organic growth of just over a third at the pre-tax level. The group's overall sales volume this seems to have continued into the first quarter of 1980. Stanley is well established in the High Street and should have a total of 300 wall-paper and paint outlets by the year end, and an expansion of some 50 shops. The acquisition of Morris and Blakey resulted in a write-off of £1m last year, but this business is worth about £4m in assets and should contribute a healthy sum to current year earnings. Stanley's total net dividend was up 54 per cent, yielding 5 per cent at 74p, up 4p. The p/e comes to 12.5 on a full tax charge.

## Setback at Uniflex: pays less

WITH second half pre-tax profits falling from £538,000 to £334,000, Uniflex Holdings, furniture manufacturer, reports figures for 1979 as a whole down from £772,000 to £508,000 from turnover up from £20.26m to £24.11m. After tax of £1,000 against a credit of £115,000, profit attributable was £399,000 (£882,000) and stated earnings per 10p share are lower at 21.55p against 37.46p. The dividend is down from 3.0768p to 1.5p. Waivers on 1,747,728 (nil) shares have been made.

## Comfort Hotels £1m advance

DESPITE a jump in interest charges from £593,499 in £1.33m, Comfort Hotels International has pushed taxable profits to a record £2.5m for 1979, compared with £1.34m. Turnover has surged to £18.5m, against £8.25m previously.

The directors state that turnover so far in the current year shows a useful improvement over 1979, and advance bookings indicate a satisfactory year.

At the interim stage profits had risen to £1.12m (£821,000) and directors said that while high interest rates would make their mark on profits, outlook for the rest of the year was encouraging.

Stated yearly earnings per 10p share are shown as 3.52p (£3.07p) and the dividend is effectively raised to 0.545p (£0.506p) with a final payment of 0.555p.

Tax for the year took £602,359 (£283,440) and there was an extraordinary debit of £1.56m (£642,972), representing the final loss on Citybus, the property investment in Copenhagen sold in March.

The Rainbow Suite and Kensington Exhibition Centre is now operational. A number of successful functions have already been staged and advance bookings are encouraging.

SPAIN

April 30

BLUE CIRCLE AGM POSTPONED

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## M. J. H. Nightingale &amp; Co. Limited

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1979-80		Company	Price	Change	Gross Ord (p)	Yield	P/E
High	Low						
99	60	Airgroup	65	-1	8.7	10.3	3.8
50	26	Armstrong and Rhodes...	31	-	3.8	12.3	2.0
275	185	Barton Hill	275	-	13.8	3.0	8.11
100	80	County Cars 10.7% PI	80	-	15.3	18.1	—
101	83	Deborah Ord.	85	+1	8.0	5.3	10.4
112	88	Frank Horsall	112	-	7.9	7.0	7.8
128	88	Franchise Partner	101	-	12.5	12.7	4.61
158	102	George Star	107	-	18.5	15.4	—
70	45	Jackson Group	89	-	5.2	7.5	4.11
153	111	James Surrough	112	-	7.2	6.4	8.8
300	242	Robert Jenkins	265	-	31.3	11.0	8.1
232	175	Torday	222	-	14.3	6.4	8.81
40	114	Twinnick Ord.	157	-0.4	0.8	5.4	3.0
70	70	Twinnick 12% ULS	75	-	12.0	18.0	—
56	33	Uniflex Holdings	45	-	2.6	5.4	10.2
50	45	Uniflex Holdings New	45	-	—	—	—
58	42	Walter Alexander	34	-	4.4	4.6	6.2
197	136	W S Yates	137	+2	12.1	6.1	3.21

† Accounts prepared under provisions of SSAP 15.

## Slight improvement for TR

PROFITS OF Telephone Rentals, adversely affected by external industrial disputes and disappointing results from two subsidiaries, show a slight improvement from £10.92m to £11.27m for 1979, on turnover ahead from £36.12m to £39.36m.

For the first quarter of the current year both new sale and the rental business were well in advance of the same period last year, the directors state, and provided the group and its suppliers remain free from industrial disputes they are confident that 1980 will be successful and encouraging.

comment

Telephone Rentals is set to produce very good first half profits this year. The engineering strike at the end of last summer has simply deferred installations into the current year. Moreover, new orders taken in the first quarter, for both sale and rental business, have been well in advance of the comparable months of 1979.

Finally, the first fruits of the decision to index its 14 year rental contracts, probably masked by industrial disputes last year, should now be coming through strongly. The second half, and events thereafter, are more difficult to predict. The group has seen no tangible sign yet of a UK downturn but if the shares are to retain their obvious current strength, the first indication that a timetable has been set for the relaxation of the Post Office monopoly on peripheral telecommunications equipment may well be required. The market

7.5p (£5.17p) net. There was an extraordinary credit of £397,000 for the year, being the net proceeds of property sales.

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## Hugh Mackay trims staff

AFTER TAKING a realistic view of manning levels, the board of Hugh Mackay and Company, carpet manufacturer, has made

## NIIGATA ENGINEERING CO., LTD.



## BIDS AND DEALS

### Maple rejects higher offer from Waring

BY ARNOLD KRANSDORF

Waring and Gillow (Holdings), the furniture retailer, has made an increased and final offer for its High Street competitor Maple and Co. (Holdings), amounting to almost £10m.

The offer is about 16 per cent higher than the previous bid and "reflects Maple's updated property revaluation which was not made available to us before," said Mr. John Cussins, Waring and Gillow's managing director. Late last night Maple rejected Waring's advances. Mr. David Keys, the company's chairman, said: "We still feel the offer is unacceptable. They clearly want something on the cheap and I could not recommend such an offer to shareholders."

The terms of the new offer are one ordinary share of Waring, plus 312p cash, for every 12 ordinary shares of Maple. There is also a cash alternative of 38p per Maple share.

Waring said Maple shareholders will be entitled to receive and retain their recommended final dividend of 1.25p for 1979/80. The terms of the offer for Maple preference shares remain unchanged—75p per share cash.

The offers have been extended until May 21. Waring is being advised by J. Henry Schroder Wagg and Maple by Morgan Grenfell.

#### J. F. NASH SELLS HOTELS OFFSHOOT

J. F. Nash Securities, in accordance with its stated policy of concentrating activities in motor manufacturing, packaging and engineering, has sold its subsidiary, McCoy Hotels, to

Seven Seas Finance for £186,000 cash.

In addition to the consideration, Nash received loan repayments of £37,000 which have been used to reduce short-term borrowings.

Borrowings of McCoy Group amounted to £376,000 at September 30, 1979, so that the sale has resulted in a total reduction of £339,000 in the borrowings of Nash and its subsidiaries.

#### NEB starts to evaluate Fairey offers

As the closing date for offers for Fairey Holdings was reached yesterday, the controversy over ownership of the company was no nearer to being resolved.

The National Enterprise Board said that it had received "certain offers" which it was now in the process of evaluating. The NEB said "it is our intention to reach an early decision which will be subject to Secretary of State formal consent."

Apart from Doulton and Co., the S. Pearson and Son subsidiary, the identity of the new bidders was not known. Doulton confirmed yesterday that its bid had been presented but would not disclose the value. Mr. Patrick Meaney, managing director of Thomas Tilling, which was understood to be very interested in Fairey, declined to comment yesterday.

Trafalgar House, which was beaten by the NEB in the

original bid to buy Fairey from the receiver, yesterday ruled itself out as a possible participant in the contest. Mr. Victor Matthews, the deputy chairman and chief executive, said that his company was "not now interested" in Fairey. Trafalgar had looked at the company but decided that the likely asking price was too high in the present economic climate.

Hambros said it would reserve its position until the details of the bid were known. But the company, which is prepared to pay a little more for Fairey, said that it would like the opportunity to produce "something to satisfy the taxpayer and Fairey."

#### LE VALLONET TST FORMS SUBSIDIARY IN CANADA

Le Vallonet Investment Trust Company has formed a new 90 per cent-owned subsidiary—Heller Resources—in Alberta, Canada, to participate in oil and gas exploration and drilling programmes in North America. Le Vallonet has agreed to fund Heller by way of loans amounting to £252,500.

Heller has agreed with Atlantic Resources of Calgary to subscribe £250,000 for a participation of about 5 per cent in a joint venture consortium for oil and gas exploration and drilling in Canada and the U.S. managed by Atlantic as operating company. The programme is scheduled for 1980-81.

One-half of Heller's subscription is to be provided immediately, and the remainder on January 1, 1981.

### Mercantile House goes on £5m U.S. spending spree

Mercantile House Holdings, the money broking group which came to the market last July, is spending \$11.5m (£5.1m) to acquire three New York financial brokerage companies and a Chicago commodity and financial futures broker.

Of the New York companies, Fundamental Brokers Inc. is a broker in U.S. government and federal agency securities; JPC Brokers Inc. is a broker in G.M.N.A. mortgage certificates; and Primary Clearance Corporation licenses a computerised clearing service for transactions in U.S. government securities.

All three are owned by the J.P. Cabot Equity Corporation and had aggregate pre-tax profits of \$3.5m in the year ended August 31, 1979. Total net tangible assets are expected to be about \$750,000.

Mercantile House has agreed to pay \$8.5m for the three, subject to an inspection by auditors Price Waterhouse. Mercantile bought Lasser Marshall Inc., its existing New York money broking subsidiary, from Cabot in 1977.

The Chicago commodity and financial futures broker, Woodstock Inc., had pre-tax profits of some \$850,000 in 1979 and net tangible assets are expected to be about \$1.5m. Mercantile has agreed to pay \$5m cash for it.

The financial futures market is having an increasing effect on the foreign exchange and deposits broking businesses, so Mercantile House wants a direct position in it. Mr. John Barkshire, chairman, said.

The planned takeovers have passed a U.S. anti-trust law review and will be submitted to Mercantile House shareholders for approval. The company has arranged temporary dollar loan financing to cover most of the cost and has been assured by its bankers that availability of the funds will not be affected by the U.S. Federal Reserve's latest national efforts to prevent foreign takeovers of U.S. companies with borrowed dollars.

Permanent financing will be decided later.

Mercantile House reported pre-tax profits of £1.4m on turnover of £9.4m in the six months ended on October 31, 1979.

#### Hambros raises drilling tools offer to £7

The City battle for control of Drilling Tools North Sea, a small oil and gas industry service group, intensified yesterday.

Having seen its earlier offer of £5.10 topped by ICF's £6.50 a share bid, Hambros Bank has now returned with a bid of £7 a share, or £24.4m. This includes the £240.54 offered for each of the restricted number of "A" shares.

It already owns around 35 per cent of Drilling Tool, together with the National Coal Board pension fund, ICF, the industrial investment concern, also owns over 12 per cent of the company through its Pluncloud subsidiary and has irrevocable acceptances for its offer from holders of another 20.8 per cent.

It also has the backing of the Drilling Tool board which is recommending the offer.

#### HILL SAMUEL SELLS L.A.C.S.

Hill Samuel Group, the merchant banker with large insurance and investment management interests, is disposing of its computer service subsidiary, Lowndes-Ajax Computer Service (L.A.C.S.) in a deal expected to be worth around £2.9m.

The computer service company is being bought by Groupe CIG, a data processing company whose shareholders are Societe Generale de Banque, Union Miniere and Belgolcaire. Groupe CIG was formed in 1969, and operates extensively in Belgium.

Hill Samuel said yesterday

that the consideration will be cash, the final amount being based on the audited accounts of L.A.C.S. at March 31, 1980.

L.A.C.S. provides UK and overseas companies with computer services from its main centres in Croydon and Warrington. Its assets include a 60 per cent interest in Metra Lowndes-Ajax and a 30 per cent interest in Voor Automatisering I.V.A. BV of Rotterdam. In the year ended March 31, 1979, L.A.C.S. made profits before tax of £447,000. It has net tangible assets of approximately £0.6m.

The net proceeds of the sale will be employed within the operating divisions of Hill Samuel, and are not expected to have a material effect on group profits.

#### COPE ALLMAN IN COMPUTER SOFTWARE

Cope Allman International, whose sales last year from packaging, engineering, fashion and leisure totalled £180m, is paying £411,000 for 90 per cent of the computer software business of Counting House Computer Systems.

The purchase price is being satisfied largely through the issue of variable rate loan notes but also costs a £38,000 cash element.

Net assets of Counting House at October 31, 1979, were £105,000 while in the 12 months to that date the company reported net profits before tax and excluding extraordinary items of £100,000.

Members of the board and their families representing 55.54 per cent intend to vote in favour of the resolution for the disposal of interests to Gallaher.

Hill Samuel said yesterday

### THE EAST LANCASHIRE PAPER GROUP LTD.

#### Another advance in a difficult year

Extracts from the Statement of the Chairman, Mr C. G. Seddon

- Papermaking**
  - ★ Good performance in a very difficult domestic market
- Converting**
  - ★ Planned reduction to a smaller but more profitable base
- Paper Merchants**
  - ★ A splendid result with our market in paper distribution expanding
- Prospects**
  - ★ The market for papermaking has recently turned flat but substantial plant and process modernisation has been effected

#### The year in brief

	1979	1978
Turnover	£2,000	£2,000
Profit before taxation	34,391	28,627
Distributable profit	1,612	1,455
Ordinary dividends	1,151	886
Retained in the business	261	201
Earnings per share	890	685
Dividend per share	21.1p	16.3p
	4.790p	3.685p

Copies of the Annual Report and Accounts can be obtained from the Company Secretary, The East Lancashire Paper Group Limited, Church Street East, Radcliffe, Manchester M26 9PR.

### Grand Met: 'insider' allegations

Liggett, the U.S. tobacco and drinks group which is fighting a \$415m takeover bid by Grand Metropolitan, has asked a U.S. federal court in Delaware to block the bid, alleging that it contains "false and misleading statements" in violation of the Securities Exchange Act of 1934.

Grand Met is also accused of breaching its fiduciary duty to Liggett stockholders by buying Liggett shares with the benefit of confidential and material inside information that it did not disclose to the sellers of the shares.

Liggett argues in the suit that Grand Met has failed to explain the effect of various court judgments on its \$30 a share offer launched on April 18. "As a result of the confusion, investors can't even tell whether an offer is occurring, will occur or won't occur," it says.

Grand Met has said its offer is to expire on May 15 unless extended.

Liggett also claims that Grand Met intends to liquidate most, if not all, of the U.S. company's non-liquor assets and would use the proceeds to pay for the purchase of Liggett's drink interests alone.

Meanwhile, in other legal developments, a hearing has been set for May 13 on Grand Met's application to the Delaware State Court for a preliminary injunction preventing Liggett from following through with an agreement to sell its Austin Nichols drinks subsidiary to Pernod Ricard of France for \$87.5m. The court refused last week to grant Grand Met a temporary restraining order on this issue.

#### BRITISH MOHAI

Following British Mohai Spinnars' rejection of merger proposals put forward by Allied

Textiles, British Mohai said yesterday that Allied bought 675,000 of its equity in the middle of April. The holding represents 5.81 per cent of British Mohai's equity.

British Mohai's Board said that they were first approached last autumn but decided that the suggestions lacked commercial logic and would not be in its shareholders' interests. They added that Allied was not informed of their view and that no further contact had been made with Allied.

#### F. H. BURGESS/NORRINGTON

The offer from Frederick H. Burgess for Henry Norrington and Son, has been accepted by over 90 per cent of the stock units for which it was made.

Burgess intends to acquire compulsorily the outstanding minority in the company.

#### BET £0.38M LAUNDRY DEAL

Two laundry companies owned by British Electric Traction, the diversified industrial group, have agreed to combine their activities in a £384,000 deal.

This will be done through a bid of 15p cash per share by Advance Laundries, of which BET owns 81 per cent, for Richmond Park Laundry Company, 83.3 per cent owned by the group.

Advance has managed Richmond Park on BET's behalf for many years and has granted it an agency for Advance linen hire, health and hygiene services in Glasgow and the west of Scotland.

Shareholders in Richmond Park will still be entitled to 1.45p ordinary dividend declared for 1979 year. As well as owning

#### SEDGWICK BUYING BANKART

Sedgwick, a wholly-owned subsidiary of Sedgwick Group, the UK's largest insurance broker, has reached an agreement in principle to acquire the holding companies of Bankart Midlands and Bankart Northern, both insurance brokers operating in Leicester and Manchester respectively for many years.

The cash consideration, yet to be determined, will not exceed £1m.

#### HARRIS QUEENSWAY/HENDERSON-KENTON

Harris Queensway now holds 94 per cent of Henderson-Kenton, and the offer has been declared unconditional in all respects.

Acceptances of the offer have been received for 92.5 per cent of the ordinary shares and 92.9 per cent of the preference. The offers remain open for acceptance until further notice, except that the cash and shares alternative no longer applies.

Harris intends to acquire compulsorily all the outstanding Henderson-Kenton shares.

A resolution to approve the reorganisation of Henderson-Kenton's capital has been passed at an EGM.

#### BIFURCATED BUYS JEB FASTENERS

Bifurcated Engineering has completed negotiations for the purchase of Jeb Fasteners, a private company, for £212,000 satisfied by the issue of some 450,000 ordinary shares and cash.

Pre-tax profits of Jeb were £63,000 for the year ended April 30, 1979, and net assets at that date totalled £339,000.

Directors say the acquisition is complementary to Bifurcated's existing distribution interests, and will enable a wider range of products to be distributed.

#### RACAL/AUTOMATED SECURITY DEAL

Racal/Vikooles Inc., an American subsidiary of Racal Electronics and Automated Security (Holdings), has reached agreement for the exclusive distribution by Automated of Racal/Vikooles' complete security products line for the UK and Spanish markets.

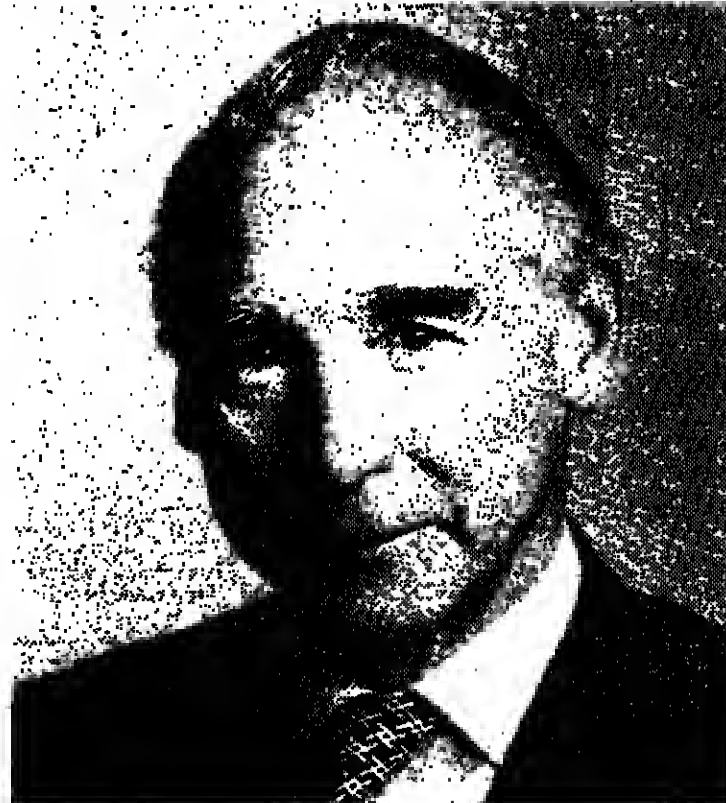
#### AMSTEEL BUYS WALL ENGINEERING

Amsteel Group, the structural steel holding company, has agreed cash terms for the purchase of the Wall Engineering Company of North Walsham, Norfolk. The shareholders and directors of Wall, which was founded in 1948, will retain full responsibility for the day-to-day running of the business.

This acquisition will make Amsteel one of the larger companies in the industry with a group turnover of more than £10m.

MR. GORDON R. SIMPSON REPORTS ON..

## A substantial increase in dividend and a profit-sharing scheme for UK employees.



"Your board has been particularly critical of the regulations restricting dividend increases which were in force for too long and served little commercial purpose. With the dismantling of these controls (along with others equally unwelcome) we were able to carry out a thorough review of our dividend policy.

Notwithstanding the small decline in profits during 1979, already in evidence at the time of the interim dividend declaration, your Board was satisfied that a substantial increase in dividend for the year would be justified.

In the light of the full year's results there is no reason to change this view and the Board considers that the

appropriate dividend for the year is 12p per share, an increase of 33%, and still covered three times by earnings.

In the area of staff relations, I am pleased to report a major development so far as UK employees are concerned. In May 1979, shareholders approved a Profit Sharing Scheme based on the tax-beneficial provisions of the 1978 Finance Act.

The Scheme should identify the interests of staff more closely with those of the Corporation and its shareholders, and it is one of our regrets that we have not yet been able to promote an arrangement with equivalent advantages for staff overseas. We are continuing to investigate to that end.

For 1979, the first year of allocation of profits under the Scheme, your Directors have appropriated profits of approximately £1 million...and, if full advantage is taken of the Finance Act conditions, no income tax will be payable on that benefit."

Mr. Gordon R. Simpson addressing shareholders in his first Annual Statement as Chairman of General Accident Fire and Life Assurance Corporation Limited.

**General Accident**



# A significant presence in world insurance

Prudential Corporation Chairman Ronald Owen reports higher profits, higher dividend.

The Prudential Corporation, formed at the end of 1978, is a major insurance group providing services in the United Kingdom and in many countries overseas. The first year of operating under the new corporate structure has gone well. We are establishing a clearer distinction between the requirements of overall group management and those of the trading subsidiaries, leading to more effective management.

## Results for 1979

The Group's profit for the year at £45.6m is 10.7% higher than in 1978. Dividends declared for the year amount to 9.5p per share, almost 19% higher than last year. This leaves £17.3m retained to support the growth of the business.

The individual life and group pensions business of Prudential Assurance in the United Kingdom developed most satisfactorily. There was a strong flow of new business, and the higher return from investments enabled substantial increases to be made in bonuses to policy holders.

The life business of Mercantile and General developed well, and the business of Prudential Pensions continued to expand and increased its profit. Vanbrugh showed a welcome return to profitability in 1979.

The results of the General insurance business were disappointing. Although Prudential United Kingdom domestic business improved, the indemnation of sums insured will not be completed until the middle of the year, and the account continued to be unprofitable. The United Kingdom motor account produced slightly higher losses than in 1978, due to a number of factors including the increase in VAT. As a result, premiums were further increased in February this year.

For Mercantile and General, the profit after tax on General insurance showed a reduction, reflecting a more normal level of taxation and some deterioration in underwriting results.

## Finance for small companies

The view that a creative small company sector must be encouraged is now widely shared. We are very willing to commit funds to this area provided that we can use sensible commercial criteria in selecting recipients, and it is probably best if the investments are made through specialised institutions. We have made a number of investments in such intermediaries already and are currently investigating other possibilities. In addition, in the field of property investment, we are financing a number of industrial estates consisting of "nursery units" suitable for small new enterprises.

## Newman Industries case

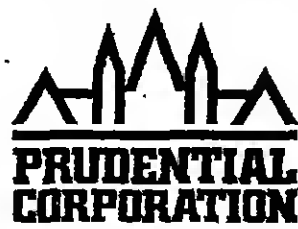
Shareholders will have read of the success of the High Court proceedings taken by Prudential Assurance in relation to the affairs of Newman Industries, a company in which we were a leading shareholder, when the cause of action arose in 1975. It is rare for our concern at the conduct of a company's business to lead to a court hearing, but the case has shown that legal action may be more effective than an inquiry by Department of Trade Inspectors, whose powers are probably more restricted than the High Court's.

## Life assurance premium tax relief

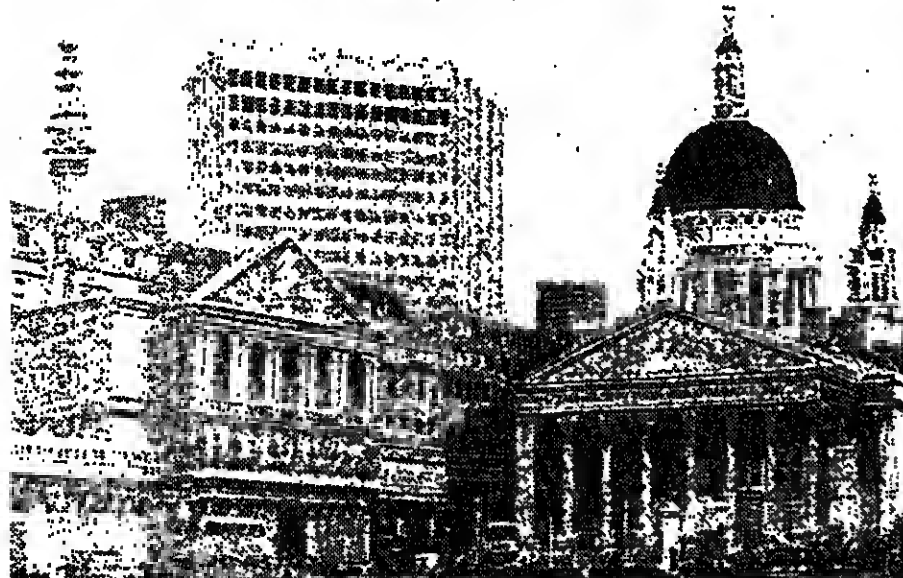
1979 saw a major revision in the method of granting tax relief on life assurance premiums. The reason for the change was to simplify the PAYE system for the Inland Revenue. It has therefore been disquieting to hear recent suggestions that life assurance premium relief might be phased out, and we are glad to learn that the government has reaffirmed that premium relief will continue.

## New appointments

It is my intention to relinquish the post of Chairman after the Annual General Meeting. The Board have announced their intention of electing The Right Hon Lord Carr of Hadley PC as Chairman, both of the Prudential Corporation Limited, and of the Prudential Assurance Company Limited. Lord Carr has had a most distinguished career, having been Home Secretary and Secretary for Employment, besides substantial experience in business. The Board also intend, subject to his election as a director, to appoint Geoffrey Haslam a Deputy Chairman. Mr Haslam was Chief General Manager of Prudential Assurance from 1974 to 1978 and in 1979 he became the first Chief Executive of Prudential Corporation.



A copy of the Report and Accounts is available from the Secretary, Prudential Corporation Limited, 142 Holborn Bars, London EC1N 2NH.



## UK COMPANY NEWS

# Strikes and high interest hit Central & Sheerwood

STRUCK after higher interest of £1.95m against £764,000, pre-tax profits of Central and Sheerwood, engineering, printing, publishing and financial services group, were cut back from £5.53m to £4.72m for 1979. Turnover expanded by nearly £12m to £32.06m.

Results for the second half—profits were £2.53m (£2.79m)—were affected by the engineering strike which cost the group over £1m. The directors say that the improved order position of the main engineering companies, and the continuing strength of the other operating sectors suggests that the momentum of continued growth, interrupted in 1978, will be restored.

Turnover and trading profits, ahead at £6.67m (£6.59m), include results of White Young and Partners for five months, amounting to £2.08m and £562,000 respectively, but exclude the £2.07m and £223,000 respectively, from Andrew Valentine Holdings, which was disposed of during 1979.

Earnings per 5p share are shown as 7.13p (6.36p) and the dividend is stepped up to 1.85p (1.57p) net with a final of 0.85p.

There was a tax credit of £203,000 (£1.22m charge) and minority interests of £60,000 against £180,000. After deducting pre-acquisition profits of £136,000 (all the balance came

through at £4.73m compared with £4.14m).

There was an extraordinary credit of £232,000 (£3,000 debit) and the amount retained was £3.74m (£3.18m).

## Comment

Central and Sheerwood made £2.5m pre-tax in the second half despite the £1m cost of the engineering dispute but it is fair to say that annualised profits are this running at a level of £2.5m. All that can be said at this stage is that the group is confident of renewed growth this year. The companies within the Newton Chambers division curiously held better than expected orders, although the position could be a lot better, and Runson and Rapier has enough work to last through 1980. Again, the picture could look brighter but the important U.S. market now seems somewhat more encouraging. Holcombe, boosted by high demand for solid fuel heating and sourcing for Ford's new Erika model should go well again this time and the first valuable inroads are being made into European manufacturers' component schedules. Distribution, the only "flier" last year, is expected to go well this year with further growth from Photopia and the shortfall in printing is more than made up for by the loss of Valentine's income. The acquisition of a high margin,

consultancy business in White Young provides a possible clue as to the direction the group is preparing to take but doubled borrowings which stemmed from a high year end stock position may act as a temporary brake on any significant further purchases. For the moment, the shares are solidly based on a fully taxed historic p/e of 7.2 at 25p and the fulfilment of Newton Chambers' expectations could leave the rating somewhat behind events.

# Lake View earns and pays more

REVENUE OF Lake View Investment Trust came out ahead at £215m, against £155m, for the year ended March 31, 1980, after tax up from £880,498 to £1,088m. The dividend is lifted to 4.25p (3p) net per 25p share with a final payment of 2.5p.

Earnings per share are shown as 4.75p compared with 3.41p, and total income amounted to £3.64m (£3.22m).

Income 3,835,285 2,823,377  
Pre-tax revenue 3,230,532 2,427,948  
Tax 1,077,415 880,498  
Net revenue 1,153,117 1,547,350

# Common Bros. expects £1.9m

A TURNROUND from losses of £336,000 to profits of £650,000 for the eight months to February 29, 1980, is reported by Common Brothers, the shipping concern, and the directors expect that the full-year surplus will be over £1.8m, compared with losses of £111,000 last time.

Interim profits were struck after depreciation of £261,000 (£235,000) and interest received of £490,000 (£159,000 payable). No provision for tax was required because of unused allowances brought forward.

The attributable balance came through at £850,000, against £233,000 including £570,000 surplus on sale of assets.

The net interim dividend is raised from 4p to 5p—last year's final was 8p.

The directors say rates for product tankers were good during the period under review.

However, MV Simoburn, previously MV Kurdistan) did not re-enter service until December 1, 1979, and the other two vessels were drydocked in aggregate for three months of the period.

For practical purposes, therefore, earnings reflect the operation of two vessels only during that time. The vessels are continuing to operate on the spot market at remunerative rates, they add.

and share markets outside the U.S. Lowe and Pitman first opened an office in the U.S. in San Francisco in 1978.

# Caird lower despite second half recovery

Despite showing a recovery in the second half, pre-tax profits of A. Caird and Sons, the Dundee clothing and sports goods manufacturer, fell by £108,554 in 1979, to £1,068,554, against £1,177,108 in 1978. At the halfway stage, the company reported a loss of £15,400 against profits of £20,400 in the previous year.

After tax down from £25,660 to £15,224, stated earnings per £1 share are 22.95p (33.73p), and the dividend is raised from 9.285p to 10p.

# United Capitals expects to pay over 20p

THE EGM to approve the voluntary winding up of United Capitals Investment Trust will be held on May 21, and the

liquidator is expecting to make cash distributions of over 20p per share. In the case of one unlisted investment, Parkfield Foundries, the shares may be distributed to shareholders in specie.

The company has been selling its investments in unlisted securities, and the liquidator hopes to make a final capital payment of 20p within one month of the special resolution being passed.

As well as Parkfield, the company has an interest in another unlisted undertaking, Newport Precision Engineering. The directors value these holdings at £244,000 and £37,548 respectively.

# Birmingham Mint offshoot to close down

Mint Components, a subsidiary of Birmingham Mint, is to close down on June 27, 1980 and approximately 60 employees will be made redundant.

The company, which manufactures nameplates and trim, has been affected by declining demand from its customers in the domestic appliance and automotive industries.

# Garton Engineering

## Results for the year ended 31st December

	1979	1978
Turnover	£'000	£'000
Profit before tax	12,906	11,826
Earnings per share	863	990
Dividends per share	23.54p	26.05p
	6.65p	6.365p

"We were not able to compensate fully for the difficult market conditions, the fluctuating exchange rate, the substantially increased cost of borrowed money and wage and materials cost inflation.

We are continuing to develop our manufacturing methods and further rationalisation and integration will result in economies.

The first two months of this year have shown a substantial increase in sales. I would hope that the full force of the expected recession will be cushioned for our Company by the changes we have made."

Aubrey Garton, Chairman

# Rowe & Pitman plans office in Boston

The U.S. subsidiary of Rowe and Pitman, the London stockbrokers, is planning to open an office in Boston, Massachusetts, next month.

A spokesman said the move was "to meet the requirements of a growing number of U.S. fund managers who are pursuing a policy of international diversification, and to provide a comprehensive service to U.S. institutions on economic performance

# Pochin's down £21,000 at six months

For the half year ended November 30, 1979, turnover of Pochin's, building and civil engineering contractor, rose from £6.16m to £7.33m but the taxable surplus was down at £252,245, compared with £273,404.

The directors are reasonably satisfied with the results and say there is a healthy workload for the immediate future.

The interim dividend is unchanged at 0.575p net per 25p share—last year's final payment was 8.125p paid from pre-tax profits of £725,000.

# Wolf 1979 RESULTS

	1979	1978
Sales	£'000	£'000
Trading Profit	19,110	18,406
Profit after Tax	2,669	2,969
Earnings per Share	1,335	1,433
Dividends per Share	10.35p	11.11p
	2.75p	1.41p

Points referred to in the Chairman's Statement—  
— Sales established a new record but pre-tax profit coded 10% below the 1978 figure.

— The final dividend recommended by the Directors is 1.9p, making 2.75p, (1978 1.41p) for the year.

— A further expansion in sales should be maintained in 1980 although at some further cost to profit margins.

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Bill Brokers and Bankers

## Preliminary Statement

The loss (1979 profit) is stated after providing for rebate, taxation recoverable and all expenses (and in 1978 after transfer to reserve for contingencies)

	1978/80	1978/78
Net loss (1979 profit)	£	£
Profit capitalised	—50,000	942,133
Ordinary dividends:		
Interim paid	230,824	115,412
Final proposed	379,211	365,922
Balance carried forward on profit and loss account	550,789	1,210,824

The proposed final dividend is 11.5% (1979 — 11.1%) making a total distribution of 18.5% (1979 — 14.6%). The equivalent figures in pence per share are 2.8750p (1979 — 2.7743p) and 4.625p (1978 — 3.648p).

The annual general meeting will be held on Wednesday, 11th June, 1980 at 3.30 p.m. The proposed final dividend will be paid on 12th June, 1980 to all shareholders on the register at 22nd May, 1980.

	5th April, 1980	5th April, 1979
Capital and published reserves	£	£
Loans and deposits, etc.	274,269,272	6,508,307
	280,117,593	308,582,250
		316,070,557
Cash at bank and amounts receivable	1,842,071	900,431
British Government treasury bills	57,502,122	98,730,860
Corporation bills	—	4,852,804
Commercial bills—sterling	141,873,743	132,815,008
Sterling certificates of deposit	20,784,940	20,075,833
U.S. dollar certificates of deposit	3,347,310	2,416,560
Loans and deposits	1,005,848	—
British Government and corporation securities, local authority bonds and other investments:		
Quoted	32,757,684	38,430,602
Unquoted	20,899,815	17,848,859
	280,117,593	316,070,557

مكزامن الأصيل



## P. C. Henderson upsurge: lifts dividend to 8p

WITH PROFITS for the year ended March 1, 1980 showing an advance of £785,000, the P. C. Henderson Group of sliding door gear makers is beating its dividend forecast. Steps are also being taken to enfranchise the "A" non-voting shares and to attain trustee status.

At the half-way stage profits had risen by £97,000, and for the full year have moved up to £2.77m, compared with £2.01m. The final dividend is 5.75p, to make the total 8p; this goes against a forecast of 6.5p and a total of £3.16p paid for 1978-79. Earnings rose from 34.2p to 38p per share.

The directors state that the results reflect the effect of operating nearer to capacity, and also the improvements in areas of low profitability and loss makers as a result of management action.

In particular UK industrial door activities doubled profits and this improvement is expected to continue, albeit at a less spectacular pace.

Overseas companies all produced better results, with only two showing losses. They feel, however, that all overseas companies are still a long way from producing adequate returns and further improvement remains a priority.

Strict financial control has

### BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interim or final and the subdivisions shown below are based mainly on last year's timetable.

**TODAY**  
Interim—United Wrie Wemyss  
Investment  
Finals—Aberdeen Construction, Henry Scott, Davies and Newman, Guardian Investment Trust, Highland Investment Trust, Huntingdon, Martin-Baker, John Mowlem, Newarthill, Plategum, Sava and Prosper Linked Investment Trust, British Spinners, J. G. Walker, W. Williams.

**FUTURE DATES**  
Interim—Richards May 9  
Finals—Bore May 16  
City of Oxford Investment Trust May 13  
Coats Patons May 13  
Inner-City Investment May 2  
Overseas May 2  
Trust Union May 7  
† Amended.

been maintained, resulting in a reduction in gearing from 27 per cent to 15 per cent.

In recognition of the increasing unpopularity of non-voting shares, the directors propose to enfranchise the "A" non-voting shares and give them the same voting rights as held by the ordinary shares. As compensation for the dilution of their rights, ordinary holders will receive 1-for-10 scrip issues.

It is also considered desirable that the capital be increased to £1m with a view to obtaining full trustee status. A scrip issue

will be made under which all shareholders will, in place of the 10p shares held at the time, become holders of an equivalent number of 25p shares.

### comment

A neat package of enfranchising the non-voters, a dividend 1p higher than forecast and a 38 per cent profits advance had the desired effect on the shares yesterday. The ordinary rose 25p to 197p and the "A" 2p to 118p. Prior to yesterday's announcement the share price was looking cheap and if the company is hoping to expand by acquisition and/or make a rights issue to cover capital spending projections of £1m that year plus higher working capital requirements, a bit of "padding" the account is called for. Share price considerations apart Henderson has obviously had a very good year. The second half in particular was buoyant with a 52 per cent profits rise. Industrial door profits doubled to around £600,000, overseas operations improved, though there were a couple of loss makers in Australia and Germany but this year these should be in the black. Henderson admits the building sector could go through a difficult period but half its garage doors are replacement and its dry products for sliding cupboard doors etc. are well placed while there are plans to introduce a major new product line. A p/e of 3.2 and yield of 10.3 per cent (covered twice on a CCA basis) is still a very modest and, perhaps vulnerable, rating.

## Scottish Heritable progress

TAXABLE PROFITS of Scottish Heritable Trust, property investor and distributor of floor-coverings and hairdressing supplies, improved from £1.08m to £1.33m in 1979, in line with the board's forecast that the second-half surplus would exceed the interim level of £0.56m.

A final dividend of 1.5p lifts the net total to 2.5p compared with an equivalent 0.52p. The profit is struck after sharply increased interest charges of £455,057 (£250,003), unallocated group expenses of £103,960 (£132,260) and associates' debts of £9,191 (£70,477 profit).

After tax of £180,393 (£11,456), earnings per 25p share are shown as 13.05p (10.85p). Minorities take £91,766 (£209,163) and an extraordinary credit of £5,508 (£214,637 debit) leaves the attributable balance at £1.07m (£0.85m).

## Turriff picks up to £1.4m

INCREASED second-half profits more than offset the mid-year downturn at Turriff Corporation, and 1979 finished with taxable surplus ahead from £1.24m to a record £1.37m. Turnover of the engineering and contracting group was £7m higher at £28m.

The directors had warned at the interim stage, when profits were £386,000 (£455,000), that the company may have difficulty in achieving the previous year's figure. The dividend is raised 20 per cent from 2.9085p to 3.75p net for the year. Earnings per 25p share are given as 20.2p (23.2p). The tax charge was lower at £76,000, compared with £215,000, but there was an extraordinary debit this time of £338,000 including a £498,000 provision against a certified debt with a national company in Iran.

## French Bank of California

a subsidiary of

## Banque Nationale de Paris

has merged with

## Bank of the West

We acted as financial advisor to Banque Nationale de Paris in this transaction.

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Goldman  
Sachs

April 29, 1980

## T. C. Harrison profits reach record £3.76m at year end

AS EXPECTED, taxable profits of T. C. Harrison, Ford main dealer, have finished 1979 at a record level. On turnover well up at £71.26m against £56.08m, the surplus has risen to £3.76m, compared with £3.06m.

At midway, with profits ahead from £1.53m to £2.03m, the directors were confident of the future and expected 1979 to produce record results.

The directors say that nationally, new car deliveries for the first three months of 1980 were at a record level, but group profits for this period show a slight decrease, compared with last year, due to tighter margins,

continuing high interest rates, and the effects of the steel strike.

Stated yearly earnings per 25p share are 4.8p up at 23.8p, and the total dividend is effectively increased to 2.95p (2.4583p) with a 2.03p final.

The 33p/100 share balance emerged ahead from £2.82m to £3.83m after tax of £173,000 (£155,000) and an extraordinary credit of £260,000 (nil).

Profits from the car division moved ahead by 30 per cent to £1.57m, representing 42 per cent of group profit, and the commercial vehicle side increases its contribution by 48 per cent to £500,000.

The earthmoving division improved profits to £314,000, a 22 per cent rise, despite the uncertainties experienced by the construction industry.

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### comment

The Harrison board is not being particularly generous to shareholders in offering a dividend more than eight times covered with the balance sheet showing gearing down to 20 per cent. But that aside, the news is encouraging. Earlier expectations have been met, where other distributors have reported markedly dull second halves. Car division margins are slightly up for 1979, but with the turn of the year a freer availability of Fords coupled with BL price-cutting has tightened the screws. The agricultural division continues to be depressed, and while it may just hold its ground this year, any recovery is unlikely until 1981. Margins are three points tighter on hire purchase and leasing, which accounts for almost all Harrison's borrowings. But with much of the business on a fixed-interest basis, any fall in interest rates will bring the money in. For the current year, profits growth is likely to be slight. The fully-taxed p/e is 4.5 on a yield of 7.8 per cent at 56p unchanged.

## Ayrshire Metal advances

WITH A profit improvement throughout most of the year, Ayrshire Metal Products, light engineering and steel fabrication concern, announces a taxable surplus up from £1.41m to £1.63m for 1979. Turnover moved ahead to £16.63m against £14.68m.

And the dividend is boosted to 7p (6p) net per 25p share with a final payment of 5p. The directors feel, however, that the present economic climate makes forecasting for the current year very difficult.

At half-way profits had risen by £260,000 to £761,000. Full-year's tax charge took £387,000 compared with £505,000 leaving a net profit of £1.46m against £907,000.

## Good trading for Ladbroke

Publication of the Ladbroke's accounts has been delayed by the printing industry dispute and, in the meantime, the proposed final dividend of 6.05p per share has been replaced by a second interim of the same amount which will be payable on May 28.

When published, the report will show that fixed asset spending in 1979 amounted to £51m, net assets per share have risen 23p after a revaluation surplus of £23.5m and net funds employed of £235m include cash and near cash of £13.5m.

Gearing, chairman Mr. Cyril Stein stresses, has dropped to 47 per cent and major elements of borrowing are in the traditional field of property development and asset leasing. Debt in the remainder of the group is nil.

The chairman adds that "our businesses are generally immune to downturns in the economy. This is because large parts of our revenue derive from leisure spending and, although this can be affected by a decrease in disposable incomes, the leisure industries are generally the last to suffer. The pattern of trade in 1980 has been good."

## GRAMPIAN HLDGS. AGM POSTPONED

The annual general meeting of Gramplan Holdings, which was to have been held on May 23, 1980, has been postponed because production of the annual report has been delayed by a printing dispute. A new date will be announced as soon as possible.

## Gerrard & National DISCOUNT COMPANY LIMITED

### Preliminary Statement April 30, 1980

Accounting Period	Year Ended April 5, 1980	Year ended April 5, 1979
GROUP LOSS (1979 Profit):		
The Company after taxation (and in 1979 after a transfer to Inner Reserves) ...	(£1,169,000)	24,435,000
Subsidiary companies' profits after taxation (and in 1979 minority interests) ...	£52,000	£571,000
	(£1,117,000)	£5,006,000
PROPOSED FINAL DIVIDEND on each Ordinary share of 25p ...	6.5p	5.124p
Already paid ...	11.5p	9.124p
Making a total of ...	65.71% 54.37% (gross)	
Equivalent to ...	£2000	£2000
Amounts absorbed:		
i. By preference dividends paid ...	8	8
ii. By ordinary dividends paid ...	1,720	1,375

During the year the Astley & Pearce Group was sold and details were circulated at the time. The net proceeds of the sale were taken directly to Inner Reserves. A transfer of £1,500,000 has been made from Inner Reserves to General Reserve representing the retained profits of Astley & Pearce which had been incorporated in Discontinued Group Reserves during the period in which Astley & Pearce was a subsidiary of the group.

Disclosed shareholders' funds now stand at £28.1m compared with £28.1m. Inner Reserves stand at a higher level than previously.

The proposed dividend on the Ordinary shares of 25p each will be paid to shareholders on the Register at the close of business on May 16, 1980.

## NORTH ATLANTIC SECURITIES CORPORATION LIMITED

Interim Financial Statement for the six months ended 31st March, 1980

(Audited) Year ended 30th September 1979	(Unaudited) Six months ended 31st March 1980	(Unaudited) Six months ended 31st March 1979
£	£	£
1,413,723	775,791	571,057
401,256	174,566	188,234
1,012,467	601,225	382,823
347,371	190,145	146,090
665,096	411,080	236,733
655,172	305,931	209,655
69,924	NET REVENUE RETAINED	£105,219
		£37,078
3.75p per share for the year	*Dividend on Ordinary Shares payable 28th May, 1980 ... per share	1.75p 1.20p per share
1324p x d.	*Net Asset Value per Ordinary Share at end of period ...	£234p x d. £384p x d.
127p x d.	*Net Asset Value per Ordinary Share assuming full conversion of Convertible Loan Stock ...	1194p x d. 1324p x d.

\*The increase in the interim dividend is as forecast in the Chairman's Statement at 30th September, 1979.

£Due to the abolition of exchange control there is now no investment currency premium. (31st March, 1979 = 10p per share, 30th September, 1979 = 6p per share).

Now you know us better, please call us by our first name

Sedgwick Forbes Bland Payne is now known as

# Sedgwick





# NURDIN & PEACOCK

Cash and Carry WHOLESALE

## PRELIMINARY ANNOUNCEMENT

	1979 2.1p per share	1978 1.1875p per share
Dividends		
Ordinary shares, proposed	1.5p	0.87p
(Payable on 4th July, 1980, to shareholders on register at close of business on 4th June, 1980.)	3.6p	2.0575p
Already paid	2.1p	1.1875p
Making a total of	5.7p	3.245p
Turnover	281,253	227,811
Profit before taxation	7,653*	5,435
Taxation	717	740
Profit after taxation	6,936	4,695
Amounts absorbed (net of waivers)		
(i) By Preference dividends paid and provided	3	3
(ii) By Ordinary dividends paid and proposed	976	563
	979	566
Earnings per share before taxation	24.5p	18.5p
Earnings per share after taxation	22.0p	16.3p

\* The tax charge has been reduced from £1,157,000 to £740,000 due to the change in the treatment of deferred taxation on accelerated capital allowances.  
\* The profit for 1979 is after making an additional allocation of £800,000 into the Pension Fund and providing £371,000 for the Staff Share Participation Scheme.

## STATEMENT BY THE CHAIRMAN

Mr. W. M. Peacock, M.A.

I am glad to be able to report that the twelfth year's trading of your Company as a Public Company once again shows record sales and profits. Sales of £281,253,000 have increased by £53,447,000 over the figure of £227,811,000 achieved in the previous year. Profits of £6,936,000 before taxation show an increase of £1,613,000 over the previous year's figure of £5,323,000. Profits after taxation are £6,936,000 compared with £4,695,000 for the previous year as re-stated for deferred taxation (see below). The corporation tax charge on this year's profits is £586,000 which compares with £577,000 payable last year. You will see from the notes to the accounts that there has been a change to the accounting policy on deferred taxation as it relates to tax allowances receivable on fixed asset expenditure. This is to comply with the revised Accounting Standard on this matter. It is considered that corporation tax payable by the parent company will continue to be deferred in the foreseeable future by these tax allowances. The deferred taxation of £1,461,000 provided up to last year has therefore been written back as a prior year item and the 1979 tax charge adjusted accordingly. If deferred taxation had been provided this year on the same basis as previously, the tax charge on the profit would be increased by £225,000. Your Directors are recommending a final dividend of 2.1p per share. This together with the interim dividend of 1.5p per share already paid makes a total for the year of 3.6p per share and compares with 2.0575p per share for 1979. I have again waived the dividend on my own shareholding. As I stated in my interim report, we made a better than usual start to 1979, due mainly to the very hard winter which highlighted the value of neighbourhood shops. This led to a very good first half for both sales and profits. The sales increase in percentage terms was constant throughout the year which meant that in volume terms, because of the rise in the inflation rate as the year progressed, the latter half was not quite so buoyant as the first half. This is reflected in the profit figures as well, which show a higher percentage increase in the first half. Our Wine and Spirit business showed substantial growth throughout the year as did the Non-Foods. It would appear that our customers are showing much more awareness of the benefits to be gained from stocking a range of Non-Foods where the higher margins help to maintain their profits at an acceptable level. The introduction of our Blaumeiser range of German wines in 1979 was a real success story and sales continue to be extremely good. The replacement Branch at Brighton opened on 15th October as planned and the increased sales since provide the clearest indication of how much the extra facilities were required. We have made an encouraging start to 1980 hearing in mind the highly competitive situation on the Grocery side of the business which has been given fresh impetus this year. There is evidence that

the multiple trade has rationalised their range considerably during the past year or so, with the result that freedom of choice has to some degree been lost to the consumer. Our decision to build large Branches, enabling us to stock a very wide range, has given our retail and catering customers opportunities to provide that all important freedom of choice.

It is just as difficult as ever to make a forecast but, with the opening of our new Branch at Luton on the 12th May and the continual improvements we are making in our existing Branches, I am hopeful that we shall once again produce record sales and profits for the year.

Following the successful letting of the Units adjoining our new Brighton Branch, Nurdin & Peacock Properties Ltd. is at present constructing five industrial/warehousing Units, totalling 22,000 sq. ft., adjoining our Branch at Eastleigh and this space should be available for letting this summer. In addition, we have started building a new Cash & Carry Branch at Cardiff and this should be ready for occupation in the first half of next year. As always we are seeking sites for new and replacement Branches.

It is with great sadness that I have to report the deaths of two people who had a very great deal to do with our entry into Cash & Carry and our progress since. My Father, who had become the first President of the Company, died last October and Mr. Philip Hounsell, who had looked after our interests in the Southampton area for some thirty years and was an Associate Director, died in February of this year.

Also in February we welcomed Mr. D. C. Poole to the main Board as Marketing Director and appointed the following as Associate Directors:

Mr. A. D. Hopkins—Marketing Manager  
Mr. R. W. Luckhurst—Reading Branch Manager  
Mr. R. L. Taylor—Security  
Mr. S. R. Williams—Dagenham Branch Manager

Mr. Harry Granville, who has been with the Company for nearly 50 years, and who was an Associate Director, retired at the end of March and I should like to take this opportunity of thanking him for his considerable efforts during that long time. It gives me great pleasure to express my appreciation of the work carried out during the year by our "N & P" Staff. It is their enthusiasm and team spirit which has produced record results once again and I am sure you will wish to add your thanks to those of your board for all they have done. At the Extraordinary General Meeting of your Company in November, 1979, the resolution seeking approval for the Staff Share Participation Scheme was unanimously carried. I am glad to say that all the preparatory work has been completed and more than 1,200 of our staff will receive an allocation of shares this year. I am looking forward to more of our staff becoming shareholders, not only because of the greater feeling of involvement it will bring, but because it is a just reward for all their hard work.

Head Office: Bashley Road, Raynes Park, SW20 0JJ, Tel: 01-946 9111

## Companies and Markets

## MINING NEWS

# RTZ's gold and uranium income

BY KENNETH MARSTON, MINING EDITOR

COPPER and gold combined provided the major source of gross revenue for the Rio Tinto Zinc group in 1979. The two metals contributed £192.2m, or 43.1 per cent of the group's record pre-tax profits of £452.7m. After tax, however, the contribution fell to £124.4m, or 21.6 per cent of the total, and was replaced in first position by borax and chemicals which contributed 28.3 per cent of the net profit total of £149.5m.

The group's major source of income, of course, the Benguela mine in Papua New Guinea. But, a little coyly perhaps, the RTZ annual report does not disclose the proportion of the mine's important gold revenue to that of copper. At all events, if the price of gold stays at anywhere near current levels compared with the 1979 average of only \$307 per ounce it will cushion any fall in this year's earnings from copper which averaged £37 per tonne in 1979.

The third major contributor to group net profits last year was Australia's uranium which should again do well in view of Australia's advantage in relatively cheap power supplies for this high-energy-consuming product.

Then came uranium and a feature of the year was the improvement at the previously troubled Rossing uranium mine in Namibia. Last year it reached its planned annual output of 5,000 short tons of uranium which, with the result that its contribution to RTZ earnings advanced to over £12m, or some 8 per cent of the total, from only \$3m in the previous year. Together with that from other sources, mainly Canada, uranium provided a total 14.2 per cent of net profits.

RTZ's Rossing profit was exceptional in the sense that the mine has not yet reached the tax-paying stage, but the onset of tax liability may occur this year.

After uranium, lead and zinc contributed 12.1 per cent of net profits, but the latter metals are vulnerable to the world economic recession. Hammersley iron-ore in Western Australia should do better this year, given a reasonable

## HILL 50 GOLD RIGHTS ISSUE

Western Mining Corporation will underwrite a rights issue by Hill 50 Gold Mines to raise A\$15.5m (£7.8m) for the re-opening of the Morning Star gold mine, near Mount Magnet in Western Australia.

Hill 50 Gold plans a one-for-one issue of 62.5m shares at 25 cents (12.5p) each. Morning Star, closed since 1916, has been devastated, and has proven and probable reserves of 436,000 tonnes of ore, averaging 9.85 grams of gold to the tonne. The mine is expected to be profitable for at least two years.

A treatment plant with a capacity of 200,000 tonnes of ore a year will be built, indicating that considerably more reserves are expected to be proven. Western Mining, which owns 36.5 per cent of Hill 50 Gold, will operate the mine in co-junction with Hill 50 Gold.

## ROUND-UP

Lorner, the Canadian copper-molybdenum producer in the Rio Tinto-Zinc group, lifted 1980 first quarter net profits to C\$27.9m (£10.3m) from C\$8.5m in the 1979 first quarter and declared a dividend of 100 cents.

Freeport Minerals, the diversified U.S. group, had recorded quarterly profits in the three months to March of \$35.3m (£13.5m), compared with \$20.2m in the same period of 1979.

Patina, the Netherlands group with extensive Canadian interests, had 1980 first quarter net profits of \$7.15m (£3.15m) against \$3.2m in the 1979 first quarter. It declared an interim dividend of 25 cents.

# L & M boosts long-term gilt holdings by £6m

THE CONTINUING high interest rates last year enabled London and Manchester Assurance to increase its long-term gilt holdings by £6m. It also lifted its equity investment by £3.5m—partly by selective purchases and partly by exercising rights on convertible loan stocks holdings.

Mortgages on property increased by £5m. The holdings in freehold and leasehold property rose by £10m and now account for one-quarter of the portfolio.

Investment income continued to grow at a satisfactory rate, rising by £3.5m. The gross rate of interest earned on the funds amounted to 8.5 per cent in the ordinary branch and 12.5 per cent in the industrial branch. The company has been able to declare record bonus rates in the ordinary branch.

Mr. Keith Brown, in his chairman's statement, welcomed the increased opportunity being given to the self-employed to make adequate pension provision. He also welcomed the move to ensure that life assurance premium relief would only be available for the genuine longer-term policies.

But he viewed the reduction in the rate of relief from 17½ per cent to 15 per cent with some concern. The introduction of the present system of relief caused considerable administrative expense and any subsequent alteration will impose further significant cost burdens.

## Home Counties News-squeeze on margins

With an inevitable squeeze coming on margins, it would be wise to expect the current year of Home Counties Newspapers to produce results as good as in 1979, warns the chairman, Mr. R. W. Gibbs.

At the end of March, the chairman said the first two months of the current year had shown reduced profits. He tells shareholders that the advertising market is more dim-

# Hawthorn Leslie interim rise

INCLUDING, FOR the first time, results of Jedmond Engineers and Flash Fasteners, taxable profits of R. and W. Hawthorn, Leslie and Co., investment holding concern, expanded from £101,370 to £232,915 for the half-year ended December 31, 1979. Turnover has risen to £1.49m against £1.20m.

Jedmond and Flash have both traded satisfactorily since acquisition last June, despite the general reduction in consumer demand and the effects of the steel strike, directors state. They add that the group is continuing to earn a high rate of return on its liquid funds in the money market.

From six months earnings of 4.94p (2.3p) per 50p share the interim dividend is increased to 1.5p (1.25p) net per share—last year's final was 2p paid from pre-tax profits of £130,000, which excluded an exceptional credit of £70,000.

After tax of £89,200 (£28,546) and an extraordinary credit, last time of £201,110, the attributable balance was well down at £143,716 against £1,07m. Adjusted audited net profits of Jedmond and Flash, for the year ended January 31, 1980, amounted to £228,000 (£180,000), and in accordance with the terms of purchase, a further £203,863 is payable to the companies' vendors.

## Winding-up orders

Compulsory winding up orders against 70 companies have been made in the High Court. They are:

Intel Norfolk (Eastbourne); MBPT (Holdings) (Gloucester) (Export and Import); Instatheat Plumbing and Heating; JMP Electricals; BeHavon. Whyton and Hipkiss; Non-woven Fabrics; Quay County; Alexander Supplies (Group Administration); Bushbond Construction; Floralcast; Kennedy Developments; F&M Machine Tools; Peirline Caterers.

Rhyl Construction Company; Wendastan Builders; Epat Ribbons; Larchlyn; C and D Class Supply Company. Kuehn Export Trading; Paul Marshall; Sidmere; Forest Foods; Braun Home and Garden Products; Muschaul. Airlines; Northern Land Drainage; Strand Taxi Company; Chandale; Partus Productions; Silverrose Ceilings; Cavalry Developments; Pol-varth Holidays; P. C. Torkington; Kangool (Shoppers); Kent

Carriage Company; Leadermill; New Riverside Fabrics; North East Plant Desk; Pasadera Products; John Edge; The Gateways (Richmond); Demesne Enterprises; Colbourne Estates. Chemical Investments; Ben Barie and Son; Builder and Roofing Contractor; Welsh Engineering (Llanelli); Siltview; Remedap; Ringsana.

Plydust; Paramark; A. S. Baker (Carmarthenshire); Peter Wise Trading Company; Denway Engineering; The Dream Car Company.

White Brothers (Conversions); Starrose Cows; Urgelegen; GLS Marine; WBS Developments. Wlodm; Dese Construction (Belfast Common); Lesteryk; Thirwood Developments; GET Aluminium; Systems; Polmin; O'Donnell and Boyle; W. Cahill and Sons (Engineers); Sea Holdings.

A compulsory winding up order made on April 21 against Jefferson Holdings (London) has been rescinded and the petition dismissed by consent.

# Canadians make new tax plea

THE CANADIAN mining industry needs "supportive government policies" to reach its full potential, the Mining Association of Canada has told the federal and Provincial Governments, reports John Sogahich from Toronto.

In a paper entitled "Canadian Mineral Industry: Issues for the 1980s," the Association spelt out the issues requiring attention if Canada is to take advantage of the expected rapid growth in world mineral consumption over the next 20 years. An economic and regulatory climate to stimulate new investment is a real need, it said.

"Legislators must be aware of the differences between the petroleum and mining industries when designing taxation and other policies," the Association said. Unlike petroleum, mining is cyclical and years of high profits are necessary to offset the lean years.

The Association called on the Governments to abide by the recommendations of the 1978 federal-provincial tax review for stability and certainty in taxation policies.

It attacked what it called "the monopolistic pricing tendencies" of the major transportation networks and, in the context of the need for positive northern mineral development policies, urged the introduction of competitive rates to enable local producers to compete in world markets.

The Association also noted the potential shortage of skilled personnel and the continuing problems of small exploration companies. It asked the Government to re-evaluate its position on taxing employee benefits in the light of the difficulty experienced in attracting personnel to remote areas.

# Lambeth BUILDING SOCIETY

Extract from the Annual Report for the 128th YEAR ended 31st January 1980

**ASSETS £112,183,556**  
(an increase of 19%)  
**RESERVES £5,612,203**  
**LIQUID FUNDS £23,418,292**


"The Balance Sheet and Accounts continue to show a strong financial position with both Reserves and Liquid Funds well above the average for all Societies" Member of The Building Societies Association Authorised for investments by Trustees

Basic Tax paid  
**BOUNTY SHARES AT ONLY 6 MONTHS NOTICE (£250-£10,000) 12%** equal to 17-14%

**5 YEAR TERM SHARES (£2,500-£10,000) with dividends at 6 months notice after 1st year 12.5%** equal to 17-86%

**REGULAR SAVINGS (£1-£100 per month) 12.5%** equal to 17-86%  
\* Where Income Tax is paid at basic rate of 30%

For full details with Statement of Accounts apply  
**LAMBETH BUILDING SOCIETY**  
118/120 Westminster Bridge Road, London SE1 7XE Tel: 01-928 1331  
or Branch Offices at Ashford, Kent (23161) Boscawen (Bournemouth 39811), Brighton (01-737 2925), Croydon (01-688 4821), Orpington (34642), Reigate (49221), Stroudham (01-677 39351), Tonbridge (353500), Uxbridge (21009) Woking (72552).



## Ash & Lacy LIMITED

RESULTS IN BRIEF	1979	1978
Sales	£'000 26,679	£'000 30,204
Profit before taxation	2,585	1,901
Retained profit	1,810	960
Earnings per share	43.7p	33.5p
Dividend per share	11.5p	7.3857p

1979 Results: A very satisfactory increase in profit of 36%. Furthermore, there was an extraordinary profit of £52,000 below tax of which £385,000 arose from the disposal of premises at Tonbridge, Wotton-at-Banbury and Smethwick. The reduction in group turnover was a consequence of the elimination of unprofitable sales. Balance sheet has been strengthened - net borrowing improved by £1.5m.

A final dividend of 6.0p per share is recommended, making a total for the year of 11.5p per share (1978 - 7.3857p). This increase reflects the strong performance of the Group in recent years.

1980 and the future: A good start to the year in the first quarter and high interest rates should produce increased income from our substantial cash balances.

Whilst the prolonged steel strike had no appreciable impact on the last quarter, there is likely to be a material effect on the second quarter's results as a whole. It is possible that some of the sectors in which we operate will face difficulties over the next six months.

We are confident that Ash & Lacy will produce a strong performance bearing in mind the economic climate in which it has to operate.

**SMETHWICK WARLEY WEST MIDLANDS**

## LOCAL AUTHORITY BONDS

Every Saturday the Financial Times publishes a table giving details of Local Authority Bonds on offer to the public. For advertising details please ring Brian Kelaart 01-248 8000 Extn. 266

# Hanger

## 1979 Results

Founded in 1920, the Hanger Group today is one of the country's largest specialists in selling and servicing passenger and commercial vehicles. In addition, it is one of the largest vehicle leasing companies in the UK.

Financial Highlights	1979	1978
Turnover	£11.0m	£10.0m
Profit before taxation	2,373	48,843
Profit after taxation	2,704	2,341
Net Dividend per share	3.00p	0.50p

The Group's business has grown substantially in recent years; earnings per share have increased from 0.46p in 1975 to 23.60p in 1979, with Net Assets increasing from 30.79p to 84.61p per share in the same five year period.

With the economic downturn and high interest rates, however, the trading scene is very competitive and there is severe pressure on margins.

Mr. Peter Adams, Chairman, comments: "Our profits for the first half of 1980 are likely to be materially lower than the same period last year and it is difficult to predict the final outcome. However, we are fortunate in having a very experienced and highly professional management team which should stand us in very good stead."

The 1979 Report and Accounts are available from the Secretary, Hanger Investments Limited, Dilworth House, 190 Broad Street, Birmingham B15 1EA.



# Ranger Oil (U.K.) Limited

(A WHOLLY OWNED SUBSIDIARY OF RANGER OIL (CANADA) LIMITED)

**Ranger**  
**U.S. \$175,000,000**  
**REVOLVING/TERM LOAN FACILITY**

Arranged and Provided by  
**Bank of Montreal**

The First Canadian Bank  
**Bank of Montreal**



Financial Times Thursday May 1 1980

# CURRENCIES, MONEY and GOLD

## Sterling weak

Sterling fell quite sharply in currency markets yesterday in very thin trading. Its decline was not a reflection of any new factors in the market, but more a result of a general lack of demand for the currency. With most European currencies closed today for May Day celebrations, trading on the Continent petered out towards the end of yesterday, while in New York, late selling contributed to a loss on the day of 1.15c for sterling against the dollar. It opened at \$2.2675 and touched \$2.2725 on early demand. But the dollar demand increased and the pound fell to \$2.2650 before coming back once again to \$2.2725. Trading was quite erratic with relatively small amounts moving the rate 50 or 40 points at a time. During the afternoon sterling fell to \$2.2500, and although there was no clear indication as to whether the Bank of England stepped into the market at this level, sterling recovered at the close to \$2.2580, a loss of 1.15c.

It was also weak against European currencies, falling to DM 4.0675 against the D-mark from DM 4.0550 on Tuesday, and to FF 16.4975 from FF 16.5350 on Tuesday. Sterling's decline was reflected in its trade weighted index which fell to 72.6 from 73.2, having stood at 73.0 at noon and in the morning.

The dollar was slightly firmer overall, showing little sign of weakness despite further falls in Euro-dollar rates and increases in West Germany's key lending rates. Against the D-mark it finished at DM 4.0675, up from DM 4.0550 on Tuesday, and against the FF at FF 16.4975, up from FF 16.5350 on Tuesday. The yen continued to improve against the dollar in Tokyo yesterday, as the latter suffered from the effects of a continuing unrest in the Middle East and falling Euro-dollar interest rates. The U.S. unit closed at ¥238.35, down from ¥238.55.

D-MARK—Slightly improved within the European Monetary

System, and showing a stronger tendency against the dollar after from ¥238.2 in New York on Tuesday. Markets were closed in Tokyo on Tuesday for a national holiday.

A weakness caused by expectations of a continuing balance of payments deficit and rising inflation in Germany. Trading was nervous and subdued ahead of the announcement of rise in key lending rates in Frankfurt yesterday, and the dollar was fixed at DM 1.8015 compared with DM 1.7975 on Tuesday. After the announcement the dollar dipped below \$1.80. But it soon recovered to close at DM 1.7995, from a low of DM 1.7925, hardly changed from Tuesday. Trading continued to be very subdued. Sterling fell to DM 4.0540, down from DM 4.0585.

**BELGIAN FRANC**—No longer weakest member of the EMS, helped by recent interest rates earlier this year. Showing a weaker tendency in the past week as rates in Belgium begin to ease. The Belgian franc lost ground against all its EMS partners at yesterday's fixing in Brussels, reflecting the effects of a continued programme of interest rate cuts by the authorities. One dealer suggested that the fall may be progressing too fast, but doubted that any renewed crisis was imminent.

The D-mark rose to FF 16.5350 from FF 16.4975, and the French franc was higher at FF 6.9175 compared with FF 6.89.

**JAPANESE YEN**—Energy and balance of payments problems reflected in sharp decline last week, with central bank intervention earlier this year. Steadier just recently. The yen continued to improve against the dollar in Tokyo yesterday, as the latter suffered from the effects of a continuing unrest in the Middle East and falling Euro-dollar interest rates. The U.S. unit closed at ¥238.35, down from ¥238.55.

EMS EUROPEAN CURRENCY UNIT RATES				
Currency	Unit	% change from April 30	% change from April 30	% change from April 30
Belgian franc	40.3375	+1.61	+0.80	+1.53
Dutch guilder	2.7838	+1.25	+0.84	+1.64
French franc	6.9175	+0.26	+0.38	+0.26
German D-mark	5.4975	+0.26	+0.38	+0.26
Italian Lira	1.9375	+0.26	+0.38	+0.26
Spanish Ptas	166.6667	+0.26	+0.38	+0.26
Swiss Franc	2.0000	+0.26	+0.38	+0.26
UK Sterling	2.2675	+0.26	+0.38	+0.26

EXCHANGE CROSS RATES				
Currency	Unit	% change from April 30	% change from April 30	% change from April 30
Belgian franc	40.3375	+1.61	+0.80	+1.53
Dutch guilder	2.7838	+1.25	+0.84	+1.64
French franc	6.9175	+0.26	+0.38	+0.26
German D-mark	5.4975	+0.26	+0.38	+0.26
Italian Lira	1.9375	+0.26	+0.38	+0.26
Spanish Ptas	166.6667	+0.26	+0.38	+0.26
Swiss Franc	2.0000	+0.26	+0.38	+0.26
UK Sterling	2.2675	+0.26	+0.38	+0.26

EURO-CURRENCY INTEREST RATES				
Currency	Rate	% change from April 30	% change from April 30	% change from April 30
Belgian franc	40.3375	+1.61	+0.80	+1.53
Dutch guilder	2.7838	+1.25	+0.84	+1.64
French franc	6.9175	+0.26	+0.38	+0.26
German D-mark	5.4975	+0.26	+0.38	+0.26
Italian Lira	1.9375	+0.26	+0.38	+0.26
Spanish Ptas	166.6667	+0.26	+0.38	+0.26
Swiss Franc	2.0000	+0.26	+0.38	+0.26
UK Sterling	2.2675	+0.26	+0.38	+0.26

Long-term Eurodollar two years 12-12 1/2 per cent; three years 12-12 1/2 per cent; four years 12-12 1/2 per cent; five years 11 1/2-12 per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two days' notice. Asian rates are closing rates in Singapore.

## INTERNATIONAL MONEY MARKET

## German rates up

The German Bundesbank continued its tight monetary policy yesterday by announcing an increase in the central bank discount rate to 7 1/2 per cent from 7 per cent, while the Lombard rate was raised to 9 1/2 per cent from 8 1/2 per cent. At the same time the German authorities added liquidity to the domestic money market by lowering the minimum reserve requirements for banks by 8 per cent as well as making further DM 5bn available through an increase in the rediscount volume. The cut in minimum reserve requirements should add another DM 5bn to market liquidity. The action of the central bank is designed to make it more difficult for commercial banks to borrow from the authorities under the Lombard facility. During April banks borrowed an average of DM 10bn, and according to Bundesbank estimates this could have risen to DM 18bn in May, whereas the facility is only intended to help banks through short term liquidity shortages.

In Brussels interest rates on short term Treasury certificates were lowered for the second time this week, reflecting the recent improvement of the Belgian franc in the European Monetary System and the easier trend in domestic deposit rates. One, two and three-month deposits were reduced to 16 1/2 per cent from 17 per cent.

In Paris Banque Nationale de Paris one of the big three nationalised banks cut its prime lending rate to 13 per cent from 13 1/2 per cent, bringing it into line with Credit Lyonnais and Banque de Paris et des Pays-Bas. In Milan tight liquidity led to an increase in one month money rates to 16 1/2-17 per cent from 16-16 1/2 per cent.

The D-mark improved within the EMS yesterday, while the Belgian franc fell sharply. The French franc showed little change at the top of the system, and the Italian Lira remained the weakest member.



MONEY RATES				
Currency	Rate	% change from April 30	% change from April 30	% change from April 30
Belgian franc	40.3375	+1.61	+0.80	+1.53
Dutch guilder	2.7838	+1.25	+0.84	+1.64
French franc	6.9175	+0.26	+0.38	+0.26
German D-mark	5.4975	+0.26	+0.38	+0.26
Italian Lira	1.9375	+0.26	+0.38	+0.26
Spanish Ptas	166.6667	+0.26	+0.38	+0.26
Swiss Franc	2.0000	+0.26	+0.38	+0.26
UK Sterling	2.2675	+0.26	+0.38	+0.26

## THE POUND SPOT AND FORWARD

April 30	Day's Spread	Close	One month	% Three p.a.	% p.a.
U.S.	2.2580-2.2725	2.2650	0.80-0.70c	3.98	1.58-1.48
Canada	2.6770-2.6970	2.6850	0.80-0.70c	4.41	1.45-1.35
Netherlands	4.67-4.52	4.60-4.50	3-3 1/2c	7.57	8-7 1/2c
Belgium	65.80-65.10	65.45-65.15	12-12c	1.28	20-10c
Denmark	12.87-12.82	12.82-12.73	4-3 1/2c	1.53	34-34c
Ireland	1.1008-1.0955	1.1000-1.0920	0.10-0.09c	0.87	0.85-0.80
W. Ger.	4.04-4.10	4.06-4.07	3-2 1/2c	7.74	8-7c
110.80-112.00	111.20-111.80	110c-25c	15c-25c	0.54	10-10c
150.00-160.00	150.00-160.10	5c-10c	15c-25c	1.21	25-25c
1.805-1.822	1.810-1.814	5-10c	15c-25c	2.51	45-45c
11.10-11.22	11.14-11.15	5-10c	15c-25c	4.84	13-11c
9.45-9.54	9.48-9.50	2-1 1/2c	15c-25c	2.84	8-7 1/2c
9.45-9.54	9.48-9.50	2-1 1/2c	15c-25c	2.84	8-7 1/2c
22.90-22.25	22.90-22.05	2-2 1/2c	15c-25c	8.20	55-45c
3.74-3.80	3.75-3.77	4-3 1/2c	15c-25c	12.36	10-9 1/2c

## THE DOLLAR SPOT AND FORWARD

April 30	Day's Spread	Close	One month	% Three p.a.	% p.a.
U.S.	2.2580-2.2725	2.2650	0.80-0.70c	3.98	1.58-1.48
Canada	2.6770-2.6970	2.6850	0.80-0.70c	4.41	1.45-1.35
Netherlands	4.67-4.52	4.60-4.50	3-3 1/2c	7.57	8-7 1/2c
Belgium	65.80-65.10	65.45-65.15	12-12c	1.28	20-10c
Denmark	12.87-12.82	12.82-12.73	4-3 1/2c	1.53	34-34c
Ireland	1.1008-1.0955	1.1000-1.0920	0.10-0.09c	0.87	0.85-0.80
W. Ger.	4.04-4.10	4.06-4.07	3-2 1/2c	7.74	8-7c
110.80-112.00	111.20-111.80	110c-25c	15c-25c	0.54	10-10c
150.00-160.00	150.00-160.10	5c-10c	15c-25c	1.21	25-25c
1.805-1.822	1.810-1.814	5-10c	15c-25c	2.51	45-45c
11.10-11.22	11.14-11.15	5-10c	15c-25c	4.84	13-11c
9.45-9.54	9.48-9.50	2-1 1/2c	15c-25c	2.84	8-7 1/2c
9.45-9.54	9.48-9.50	2-1 1/2c	15c-25c	2.84	8-7 1/2c
22.90-22.25	22.90-22.05	2-2 1/2c	15c-25c	8.20	55-45c
3.74-3.80	3.75-3.77	4-3 1/2c	15c-25c	12.36	10-9 1/2c

Belgian rate is for convertible franc. Financial limit 67.00-67.10. Six-month forward dollar 2.50-2.40c. 12-month forward 4.05-3.80c.

## CURRENCY RATES

April 29	Bank Rate	Special Drawing Rights	European Currency Unit	Bank of England	Morgan Guaranty	Guaranty
U.S.	2.2580-2.2725	2.2650	0.80-0.70c	3.98	1.58-1.48	2.71
Canada	2.6770-2.6970	2.6850	0.80-0.70c	4.41	1.45-1.35	4.28
Netherlands	4.67-4.52	4.60-4.50	3-3 1/2c	7.57	8-7 1/2c	7.01
Belgium	65.80-65.10	65.45-65.15	12-12c	1.28	20-10c	1.23
Denmark	12.87-12.82	12.82-12.73	4-3 1/2c	1.53	34-34c	1.18
Ireland	1.1008-1.0955	1.1000-1.0920	0.10-0.09c	0.87	0.85-0.80	0.78
W. Ger.	4.04-4.10	4.06-4.07	3-2 1/2c	7.74	8-7c	7.25
110.80-112.00	111.20-111.80	110c-25c	15c-25c	0.54	10-10c	0.78
150.00-160.00	150.00-160.10	5c-10c	15c-25c	1.21	25-25c	1.38
1.805-1.822	1.810-1.814	5-10c	15c-25c	2.51	45-45c	0.78
11.10-11.22	11.14-11.15	5-10c	15c-25c	4.84	13-11c	4.25
9.45-9.54	9.48-9.50	2-1 1/2c	15c-25c	2.84	8-7 1/2c	3.28
9.45-9.54	9.48-9.50	2-1 1/2c	15c-25c	2.84	8-7 1/2c	3.10
22.90-22.25	22.90-22.05	2-2 1/2c	15c-25c	8.20	55-45c	3.81
3.74-3.80	3.75-3.77	4-3 1/2c	15c-25c	12.36	10-9 1/2c	6.83

UK and Ireland not quoted in U.S. currency. Forward premiums and discounts are for U.S. dollar and not to the individual currency.

## CURRENCY MOVEMENTS

April 30	Bank Rate	Special Drawing Rights	European Currency Unit	Bank of England	Morgan Guaranty	Guaranty
U.S.	2.2580-2.2725	2.2650	0.80-0.70c	3.98	1.58-1.48	2.71
Canada	2.6770-2.6970	2.6850	0.80-0.70c	4.41	1.45-1.35	4.28
Netherlands	4.67-4.52	4.60-4.50	3-3 1/2c	7.57	8-7 1/2c	7.01
Belgium	65.80-65.10	65.45-65.15	12-12c	1.28	20-10c	1.23
Denmark	12.87-12.82	12.82-12.73	4-3 1/2c	1.53	34-34c	1.18
Ireland	1.1008-1.0955	1.1000-1.0920	0.10-0.09c	0.87	0.85-0.80	0.78
W. Ger.	4.04-4.10	4.06-4.07	3-2 1/2c	7.74	8-7c	7.25
110.80-112.00	111.20-111.80	110c-25c	15c-25c	0.54	10-10c	0.78
150.00-160.00	150.00-160.10	5c-10c	15c-25c	1.21	25-25c	1.38
1.805-1.822	1.810-1.814	5-10c	15c-25c	2.51	45-45c	0.78
11.10-11.22	11.14-11.15	5-10c	15c-25c	4.84	13-11c	4.25
9.45-9.54	9.48-9.50	2-1 1/2c	15c-25c	2.84	8-7 1/2c	3.28
9.45-9.54	9.48-9.50	2-1 1/2c	15c-25c	2.84	8-7 1/2c	3.10
22.90-22.25	22.90-22.05	2-2 1/2c	15c-25c	8.20	55-45c	3.81
3.74-3.80	3.75-3.77	4-3 1/2c	15c-25c	12.36	10-9 1/2c	6.83

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England index=100).

## OTHER CURRENCIES

April 30	Bank Rate	Special Drawing Rights	European Currency Unit	Bank of England	Morgan Guaranty	Guaranty
U.S.	2.2580-2.2725	2.2650	0.80-0.70c	3.98	1.58-1.48	2.71
Canada	2.6770-2.6970	2.6850	0.80-0.70c	4.41	1.45-1.35	4.28
Netherlands	4.67-4.52	4.60-4.50	3-3 1/2c	7.57	8-7 1/2c	7.01
Belgium	65.80-65.10	65.45-65.15	12-12c	1.28	20-10c	1.23
Denmark	12.87-12.82	12.82-12.73	4-3 1/2c	1.53	34-34c	1.18
Ireland	1.1008-1.0955	1.1000-1.0920	0.10-0.09c	0.87	0.85-0.80	0.78
W. Ger.	4.04-4.10	4.06-4.07	3-2 1/2c	7.74	8-7c	7.25
110.80-112.00	111.20-111.80	110c-25c	15c-25c	0.54	10-10c	0.78
150.00-160.00	150.00-160.10	5c-10c	15c-25c	1.21	25-25c	1.38
1.805-1.822	1.810-1.814	5-10c	15c-25c	2.51	45-45c	0.78
11.10-11.22	11.14-11.15	5-10c	15c-25c	4.84	13-11c	4.25
9.45-9.54	9.48-9.50	2-1 1/2c	15c-25c	2.84	8-7 1/2c	3.28
9.45-9.54	9.48-9.50	2-1 1/2c	15c-25c	2.84	8-7 1/2c	3.10
22.90-22.25	22.90-22.05	2-2 1/2c	15c-25c	8.20	55-45c	3.81
3.74-3.80	3.75-3.77	4-3 1/2c	15c-25c	12.36	10-9 1/2c	6.83

Rate given for Argentina is from rate.

## APPOINTMENTS

## K. Dixon to head Rowntree Mackintosh

Mr. K. H. M. Dixon, at present deputy chairman of ROWNTREE MACKINTOSH, has been nominated as chairman designate to be elected as chairman when Sir Donald Barron reaches retirement age in March 1981. On Mr. Dixon's succession, the board intends to appoint Mr. K. Haslinger and Mr. J. Nutter as joint deputy chairmen.

Mr. Peter L. Walters and Dr. E. W. Best have been elected to the Board of BP CANADA INC. Mr. Walters is a deputy chairman and a managing director of the British Petroleum Company. Dr. Best, formerly vice-president, exploration and production of BP Canada Inc., has also been appointed to the new post of vice-president, natural resources.

Mr. Simon Everard has succeeded his brother Mr. Anthony Everard as chairman of ELLIS AND EVERARD. Mr. Simon Everard retains the chairmanship of Ellis and Everard (Chemicals) but relinquishes the position of group finance director. Mr. Anthony Everard continues as a director and becomes the first president of the company. Mr. David Walsh takes on the post of group managing director. Mr. Peter Wood, who joined the board in January, has been appointed group finance director.

Mr. Eric Carter, deputy group chief executive (International Business) and a director of National Westminster Bank, has been appointed to the Board of its subsidiary, NATIONAL BANK OF NORTH AMERICA.

Mr. Ian Logie is to become president and chief executive officer of INTERNATIONAL ENERGY BANK at the beginning of July. He will be resigning as deputy managing director of European Banking Company, but will retain his non-executive chairmanship of Gillet Bros. Discount. Mr. C. P. Luna continues as chairman of IEB.

Sir Claus Moser and Lord Rockley will be proposed as directors of EQUITY AND LAW LIFE ASSURANCE SOCIETY at the annual meeting on May 7 when Sir Geoffrey Eley and Sir Duncan Oppenheim will retire. Mr. E. P. Chappell will resign because of his recent appointment as chairman of ICL.



# De Beers has maintained its position as leader of the diamond industry but it is today much more than a diamond mining company

## Extracts from Mr H F Oppenheimer's statement

The year 1979 was in some respects a difficult one for the diamond trade and the Company's results were, in the circumstances, very satisfactory. The Group's net attributable profit at R742 million was virtually the same as in 1978. The composition of the profit was, however, markedly different in that the diamond account, at R831 million showed a reduction of R125 million as compared with 1978, whereas interest and dividend revenue at R312 million as compared with R234 million showed an increase of R78 million and tax and lease payments to the State at R355 million were R50 million lower partly as a result of higher capital expenditure. The reduction in the diamond account is due partly to higher working costs and partly to the fact that there were less sales by The Diamond Corporation from old stocks held at low prices. In the main the increased revenue from investments reflects higher dividends from our major shareholdings in Anglo American Corporation and AECI as well as larger dividends from our trade investment in De Beers Botswana Mining Company. In these circumstances and in spite of difficult trading conditions a good start has been made in 1980 and deferred dividends were raised from 65 cents to 72.5 cents per share. Net current assets at 31st December 1979 after providing for the dividend amounted to R787 million.

The book value of the Group's investments and long-term loans increased during the year by R221 million to R784 million. The value of these investments and loans, was R2,304 million as compared with R1,073 million last year. After deducting those foreign loans that have been used for investment purposes and allowing for minority interests the total value of net investments, loan levy at R121 million and net current assets attributable to De Beers at 31st December was R3,011 million or 837 cents per deferred share as compared with 530 cents the previous year.

## Market conditions

Throughout 1979 the demand for diamonds of one carat in weight and upwards remained strong and this has continued in 1980. Two price increases for large diamonds were readily absorbed by the market. The demand for the small sizes of diamonds however has been and remains weak. At the beginning of this year some improvement in market demand overall made itself felt but the rise in interest rates to unprecedented levels is likely to create increasing financing problems in the cutting centres where the holding of stocks has become extremely expensive and, as a result, the position has become more uncertain. Market conditions for the rest of the year will obviously depend to a large extent on developments in the American economy and we expect the weakness in the demand for small sizes to continue. In spite of these difficulties sales by CSO have so far been higher than last year and it looks as though the current level of sales is likely to be maintained for the rest of the year.

The market for industrial diamonds remained firm throughout the year. However, a reduction in the supply of natural industrial diamonds has forced a substantial swing away from natural to synthetic diamond in this field. Our industrial division was able to adapt itself successfully to these conditions and major expansion programmes are underway at the Group's synthetic diamond factories. The industrial diamond market continues to expand and we are well placed, both technically and commercially, to take advantage of this situation.

Diamond production by the Group amounted to 13,985,000 carats as compared with 11,995,000 carats in 1978. Of the increase of 1,990,000 carats, the Orapa mine in Botswana accounted for 1,637,000 carats and there was a substantial increase of 475,000 carats from Namaqualand. The CDM production, at 1,653,000 carats was down by 246,000 carats and further reductions in the

output from this source must be expected over the years ahead. It is important, both for the diamond industry and for the emerging state of Namibia which last year received by way of tax and loan levy 64 per cent of CDM's mining profits, that the life of this property should be extended for as long a period as is economically possible and to this end a major prospecting campaign is in progress both within and to the north of the company's present mining area and in the offshore concessions of the Marine Diamond Corporation which are at present leased to CDM. CDM remains a very important contributor to the profits of the De Beers Group, though the proportion of total profits derived from South West Africa/Namibia, amounting in 1979 to 18 per cent, is less than it used to be in the past.

## Expansion programme

The expansion programme at the Finsch mine is nearing completion. The new plant will be in operation in the middle of the year and production is scheduled to rise from the present level of slightly in excess of 2.5 million carats to approximately 4.5 million carats per annum. Excellent progress is being made in the development of the Jwaneng mine in southern Botswana. This is an exceptionally important project which is estimated to cost Pula 280 million to complete. The mine is planned to come into production in 1982 at a treatment rate of 4.8 million tons per annum. Revenue from diamonds is already a very important element in the national income of Botswana and will become very much more

important when Jwaneng reaches full production. It is not too much to say that the interest of the government of Botswana in the stability and prosperity of the diamond industry is virtually as great as that of the De Beers Company itself and I am glad to be able to report that the relationship between the Government and the Company is smooth and co-operative.

We have over a number of years been pursuing a policy in regard to employment practices designed to eliminate all traces of racial discrimination in the affairs of the Company. The annual wage award made to mine employees in June of last year finally established a fully integrated wage scale for all employees, irrespective of race, in the Group mines in South Africa and South West Africa/Namibia, and earnings of unskilled mine employees are in excess of the supplementary living level established by the University of South Africa. In Botswana and Lesotho mine wages are negotiated and fixed in consultation with the governments of those countries.

## Other investments

A feature of the accounts is the massive investments of De Beers in companies outside the diamond industry, and the important income which we derived from these diversified sources. During the year the book value of listed investments increased by R202 million which is largely accounted for by the acquisition of an additional 5 per cent in the capital of Anglo American Corporation, and an increase in our interest in Minerals and Resources Corporation (Minorco). Anglo American published excellent interim results and substantially increased its interim dividend. There is every reason to expect that its final accounts for the year will prove equally satisfactory. The interests of Minorco are for much the greater part outside South Africa, especially in North America and our investment in this growing company provides a desirable measure of diversification in our holdings. Minorco has interesting prospects before it which will be actively pursued. By

## THE CENTRAL SELLING ORGANISATION and the diamond industry

Most of the world's rough diamonds pass through the London offices of the Central Selling Organisation (CSO). A group of specialist diamond marketing companies associated with De Beers, the CSO is effectively a producers' co-operative.

Substantial financial resources coupled with technical and administrative expertise enable the CSO to provide the best outlet for producers' diamonds whatever the state of demand. These diamonds, which include De Beers' production, are sold by the CSO at a rate the market can absorb.

On arrival in London the rough diamonds are sorted and valued into some 3,000 different classifications by size, shape, colour and quality. Over 400 specialist sorting staff are assisted by computer-linked machines developed by the CSO, although the more intricate preparations necessitate individual hand-sorting.

Industrial diamonds are sold separately while the rough gems are offered for sale ten times a year at "sights". Before each sight the clients—from the cutting centres—submit their requirements which are matched by the CSO as far as possible. It has long been recognised that fluctuating economic conditions are the cause of the cyclical movement in demand for rough diamonds, thus the CSO's matching of supply with demand helps to ensure market stability. Rough diamonds for which there is temporarily no call are held in stock.

On reaching the cutting centres the diamonds undergo the highly skilled techniques of cutting and polishing before being sold to wholesalers and jewellery manufacturers and finally arrive at the retail jeweller. De Beers maintains international promotional activities for diamond jewellery.



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Incorporated in the Republic of South Africa

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April 28, 1980



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Notes due November 1982.

For the six months  
1st May, 1980 to 1st November, 1980

In accordance with the provisions of the Note,  
notice is hereby given that the rate of interest  
has been fixed at 14 1/2 per cent. and that the interest  
payable on the relevant interest payment date,  
1st November, 1980 against Coupon No. 8 will be U.S. \$74.75

By: Morgan Guaranty Trust Company of New York, London Agent Bank.



Weekly net asset value  
on April 28, 1980

Tokyo Pacific Holdings N.V.  
U.S. \$ 79.23

Tokyo Pacific Holdings (Seaboard) N.V.  
U.S. \$57.72

Listed on the Amsterdam Stock Exchange

Information: Pierson, Holding & Pierson N.V. Herengracht 214, Amsterdam

U.S. \$300,000,000 of which  
U.S. \$120,000,000 has been issued in the initial and subsequent Tranche

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CITICORP

In accordance with the terms and conditions of the above-mentioned Notes and the Agent Bank Agreement dated as of November 28, 1979, between Citicorp Overseas Finance Corporation Limited and Citicorp N.A., notice is hereby given that the Rate of Interest for the third one month sub-period has been fixed at 15 1/2 per cent. and that the interest payable for the third one month sub-period in respect of U.S. \$10,000 nominal of the Notes will be U.S. \$132.81. The total amount due for Coupon No. 2 payable May 30, 1980, is U.S. \$439.60.

May 1, 1980.  
By: Citicorp N.A., London, Agent Bank

CITIBANK

YONTOSB EUROBOOND INDICES

PRICE INDEX	22.40	29.40	AVERAGE YIELD	22.40	29.40
OM Bonds	91.96	92.58	OM Bonds	9.103	8.984
HFL Bonds & Notes	91.02	91.45	HFL Bonds & Notes	10.226	10.137
U.S. \$ Str. Bonds	84.48	84.80	U.S. \$ Str. Bonds	12.059	11.987
Can. Dollar Bonds	85.12	86.07	Can. Dollar Bonds	12.885	12.691

Companies  
and Markets

## INTL. COMPANIES & FINANCE

### CREDIT GUARANTEES

## Japanese plan for developing nations

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

AN INTERNATIONAL credit guarantee system that would enable commercial banks to continue lending to non-oil producing developing countries in a future oil crisis has been proposed by Sumitomo Bank.

The system, modelled on the credit guarantee associations operating in Japanese prefectures, would charge borrowers a fee of 0.5 per cent for a service that would consist basically of shouldering interest payments on foreign currency loans in the event of default. For the association take over interest payments on their loans, defaulting countries would have to accept guidance from it on the management of their economies.

The Sumitomo proposal has been made against the background of medium-term forecasts which suggest that OPEC surpluses may accumulate dangerously over the next few years with a corresponding decline in the creditworthiness of non-oil developing countries (LDC).

Sumitomo Bank believes that on the most probable of three scenarios, the annual current account surplus of OPEC nations may reach \$200bn by 1985. Some of this will be deposited with international banks which will then act as a recycling channel by lending the funds to developing countries. An increasing proportion of the OPEC surpluses, however, may be deposited in non-bank assets, Sumitomo believes.

Sumitomo estimates the annual financing needs of non-oil developing countries (including Eastern European countries) at about \$130bn.

per year. Of this about half is being provided by commercial banks. If defaults occurred on 10 per cent of this sum, the amount of capital involved could be about \$6.5bn, with interest payments running at \$650m a year.

The bank calculates that half of this sum could be financed out of the 0.5 per cent credit guarantee fee that would be charged by the proposed association. The other half would need to be raised in the form of revenue from contributions to the association by the International Monetary Fund or by member states.

The transfer to the association of 10 per cent of the IMF's current gold holdings (worth \$50bn) would be more than enough to generate the necessary revenue, Sumitomo points out.

Sumitomo says that the credit guarantee system should be operated by a new international institution, not by an existing institution such as the IMF or the World Bank. This is necessary, it says, because many of the heaviest borrowers among non-oil LDCs (including East European nations) are non-members of the IMF.

Sumitomo says it will discuss its proposals with other Japanese banks and with the Bank of Japan in the next few weeks to see whether it has enough support to be put forward internationally. Whether or not the proposal is taken up, the bank feels that action will be needed in the next few years to avoid a breakdown in the present machinery for recycling oil dollars.

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## Confusion at ENI as chairman resigns

BY PAUL BETTS IN ROME

ENI, Italy's giant state oil agency which supplies more than 50 per cent of the country's annual domestic hydrocarbons requirement was thrown yesterday into renewed turmoil following the surprise resignation of Sig. Egidio Egidio, ENI's chairman.

Sig. Egidio's resignation is already causing acute embarrassment for the Government and risks undermining one of Italy's healthier state sector conglomerates at a time when ENI was being pressed to help the country resolve its increasing domestic oil supplies difficulties.

Sig. Egidio was appointed special commissioner of ENI at the end of last year following the suspension of Sig. Giorgio Mazzanti, the former chairman, in the wake of the scandal which led to the suspension by Saudi Arabia of all direct oil

supplies to ENI. Sig. Egidio was subsequently nominated interim chairman of ENI and was to have been formally appointed to head the Italian oil agency later this week.

But behind the wings political manoeuvres over the appointment of a series of other ENI executives appear to have induced Sig. Egidio to tender his resignation. Sig. Egidio, who has traditionally been regarded as a leading manager rather than political figure, seemingly decided not to be drawn into the current unsavoury battle for control of ENI.

The latest ENI top management battle follows the recent ENI-Petromin scandal and the affair is likely to become a major issue in the current campaign for the Italian June 8 regional elections.

These regional polls are generally regarded as the

second round of last year's inconclusive general election and their outcome will inevitably have direct repercussions on the future of the new centre-left coalition government.

Sig. Egidio's resignation is already having severe repercussions within ENI, whose management yesterday issued a strongly worded protest against Sig. Gianni de Michelis, the new Socialist Minister for Italian state holdings.

The affair is further demoralising morale in ENI at a time when the State oil group is beginning to show a marked improvement in its performance.

The oil group reported yesterday it had more than halved its net losses in 1979 to L162.3bn (\$191m) from L333.3bn in 1978. This followed a reduction in the deficit of its fibres and textile operations and in the deficits of the heavy loss-making

subsidiaries of the dismantled EGAM state minerals agency it took over two years ago.

At the same time, ENI said it expects to report a group consolidated profit for 1979 of L95bn compared to a consolidated loss of L355bn in 1978. This figure includes ENI's minority holdings in foreign ventures.

ENI also reported a 39 per cent increase in consolidated revenues to L1,800bn last year. Group investments last year totalled L1,812bn or more than L1,708bn more than in 1978. This increase in investments reflects ENI's current participation in the construction of the trans-Mediterranean gas pipeline, Rome-Alexandria, to Italy due to come on stream next year.

ENI also supplied 51 per cent of Italy's overall annual hydrocarbons requirements last year compared to 45 per cent in 1978.

## SNCF bounces out of the red

BY DAVID WHITE IN PARIS

FRANCE'S state-controlled railway authority, SNCF, showed a profit last year—no paper—for the first time since 1970.

Its 1979 net earnings, of FF1 088m (\$25.7m) came after a hefty FF1 122bn loss the year before and vindicates the new contractual arrangements between the state and the railway drawn up at the beginning of the year.

The new charter, which gives SNCF greater autonomy particularly with regard to fares but which also called for more rigorous management, is on the same lines as other "company contracts" drawn up with nationalised industries.

The Government, which holds

51 per cent of SNCF shares alongside the country's former private sector railway operators, plans to scale down the level of special subsidies pumped into the railways.

These payments, compensating for concessionary fares and suchlike, totalled FF1 330bn last year. They are due to be reduced to FF1 260bn this year, FF1 230bn in 1981 and FF1 200bn in 1982.

This is separate from a large state contribution to railway workers' pensions, which makes the SNC the principal recipient of French nationalised industry subsidies.

SNCF's improved performance last year was despite a

virtual stagnation in passenger traffic, which increased by 0.1 per cent to 53.50m passengers/kilometres.

Freight traffic however increased 5 per cent to 22.3m tonnes. As a result, freight income rose 15.8 per cent to FF1 13.6bn, compared with 11.6 per cent rise in revenue from passenger traffic, FF1 13.95bn.

SNCF this week floated a FF1 2bn, 12-year loan at 14.6 per cent, part of the total borrowing programme this year in francs and foreign currency of about FF1 5.2bn.

The company said its financial charges rose by 21 per cent last year.

## Daimler-Benz lifts dividend and turnover

By Our Financial Staff

INCREASED profits have allowed Daimler-Benz, West Germany's second largest motor group, to lift its dividend for 1979 to DM 10 a share from DM 9.

In a brief statement the company said yesterday that last year it was able to continue a steady upturn and strengthen its market position.

Sales for 1979 improved by almost 13 per cent to DM 27.4bn (\$15.2bn) with the results influenced by increased production and good capacity utilisation.

At Mannesmann, the steel, metals and engineering group, dividends for 1979 are being maintained at DM 5.50 a share. This decision by the board follows a decline in parent company profits.

Earlier this year Mannesmann explained that earnings for 1979 would be lower and yesterday the results from the parent company, where net profits dipped to DM 141m from DM 151m, gave an indication of the year's setback.

## Small cut in losses by Swiss vehicle producer

BY JOHN WICKS IN ZURICH

OPERATIONAL LOSSES of SwF 22.5m (\$13.47m) were suffered last year by Swiss commercial vehicles and machine-building company Adolph Saurer. This follows losses of SwF 25m in 1978 and SwF 35m in 1977, though the results are not fully comparable owing to a change in accounting practice.

Saurer booked a net loss for 1979 of SwF 7.4m after transfers from reserves. The board again recommends passing the dividend.

Turnover rose last year from SwF 468m to SwF 507m for the group, and new order volume improved from SwF 487m to SwF 654m.

Business in textile machinery, industrial operations and services and in the defence sector developed well. The losses arose from Saurer's activities in the field of commercial vehicles manufacture. This accounted for 43.4 per cent of turnover.

Saurer hopes to run improvement in the vehicles sector from its co-operation with the Fiat subsidiary Iveco. This foresees an increase of Saurer's agency sales of Iveco vehicles, as well as mutual supply of components. Iveco might take a stake of up to 25 per cent in a new Saurer commercial vehicles subsidiary, Saurer Nutzfahrzeug.

## Reduced output at Adam Opel

GENERAL MOTORS' West German subsidiary Adam Opel saw

vehicle output in the first quarter of 1980 dip to 232,357 from the record 274,762 achieved in the same period of last year. Reuter reports from Russel-

heim. New registrations in West Germany totalled 121,827 against 145,904 in the first quarter of 1979, reducing Opel's home market share to 17.3 per cent from 18.8 per cent last year.

## AGA sees profit gain of at least a tenth

BY VICTOR KAYFETZ IN STOCKHOLM

AGA, the Swedish industrial gas and heating engineering group, expects pre-tax profit to rise by between 10 per cent and 15 per cent for 1980 from the SKR 302m (\$70m) achieved last year on turnover of SKR 3,880m.

Mr. Sveo Agrup, managing director, said in the annual report.

We face the 1980s with an aggressive and expansive strategy which I believe will result in our achieving our aim of 15 per cent return on capital and 35 per cent equity-to-debt ratio.

The equity-to-debt ratio, which stood at 35.4 per cent in 1977 to 38.4 per cent in 1978—largely due to the purchase of Burdax, a U.S. gas company, and Frigoscondia, a Swedish freezing equipment and food transport company—reached 30.8 per cent in 1979.

Group liquidity rose to SKR 442m at the close of last year from SKR 292m in 1978, fulfilling the goal of 10 per cent of turnover.

Of group investments totalling SKR 487m, most were in the gas division which accounted for 57 per cent of consolidated sales and 77 per cent of operating profit last year.

Gas division investments will reach a peak of about SKR 350m this year.

The division no longer has to buy gas from outside suppliers and "we can act more freely and take better advantage of growth potential found above all within rapidly expanding new areas of application for gases," the report said.

AGA expects Frigoscondia, which accounted for 22 per cent of group sales and 20 per cent of operating earnings last year,

to continue its rapid expansion in European markets.

BOPORS predicts in its annual report that "An additional increase in group profit after financial items is considered likely for 1980."

Last year the Swedish armaments, steel and chemicals company increased its consolidated pre-tax earnings 50 per cent to SKR 176m (\$41m) on sales that rose 17 per cent to SKR 3,275m (\$753m).

Defence equipment division sales, which climbed 30 per cent to account for more than half of total turnover, made virtually all of the group's operating earnings. An operating surplus by Bofors-Nobel, the chemicals division, was outweighed by losses in steel operations and at Bofors-Nohab, which makes turbines,

locomotives and printing presses.

The annual report predicts higher earnings for most units in the group during 1980 but "necessary restructuring and rationalisation within Bofors-Nohab may result in losses of a non-recurring character."

Mr. Cines-Ulrik Winberg, the managing director, said that the 1979 exports of defence materials compensated for a decline in orders from the Swedish armed forces. But Bofors could have done even better if the Swedish authorities had not been so restrictive in their interpretation of existing export regulations for armaments.

He says there should be no ethical problems in selling defence systems to small, politically stable countries that prefer to buy these from non-aligned countries.

مكرا من الامم



Financial Times Thursday May 1 1980

Companies  
and Markets

## INTL. COMPANIES &amp; FINANCE

## Mitsubishi group buys rest of CAL

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN'S MITSUBISHI group will control 99.9 per cent of Chrysler Australia Ltd. (CAL) as the result of a decision, announced yesterday, to buy out the shares in the company held by Chrysler.

The Mitsubishi group acquired 30 per cent of CAL's shares in May 1979, and took an option at that time to acquire control of the company at any time up to August 1980. Mitsubishi has acted in advance of the expiry of its option because of what it describes as an "urgent request" from Chrysler Corporation.

The 38.8m shares in CAL that Mitsubishi is acquiring will cost \$57.6m. The shares will be held equally by Mitsubishi Motors Corporation and Mitsubishi Corporation (the trading arm of the Mitsubishi group), giving each company just under 50 per cent of CAL's equity.

Mitsubishi says that it has no plans, for the time being, to change either the name or the top management of Chrysler Australia—the chairman and deputy chairman of the company are still Chrysler men. The group spared no pains yesterday, however, to underline the fact that CAL has remained in existence during the past 12 months only because of the contribution made to its sales by Mitsubishi-designed cars.

Sales of Mitsubishi models rose from 35,000 units in 1978 to 44,000 units last year and 12,700 units in the first quarter of 1980. Sales of Chrysler models over the same period fell from 14,182 units to 8,933 and, in the first quarter of 1980, to a mere 1,428.

Before its tie-up with Mitsubishi, CAL's position depended mainly on sales of its six

cylinder passenger cars, where it was easily outranked by General Motors-Holden and Ford. Its recovery stems from the success of the Mitsubishi Galant which has been the top selling four cylinder car in Australia since the beginning of 1979, outranking similar cars made by Toyota and Nissan.

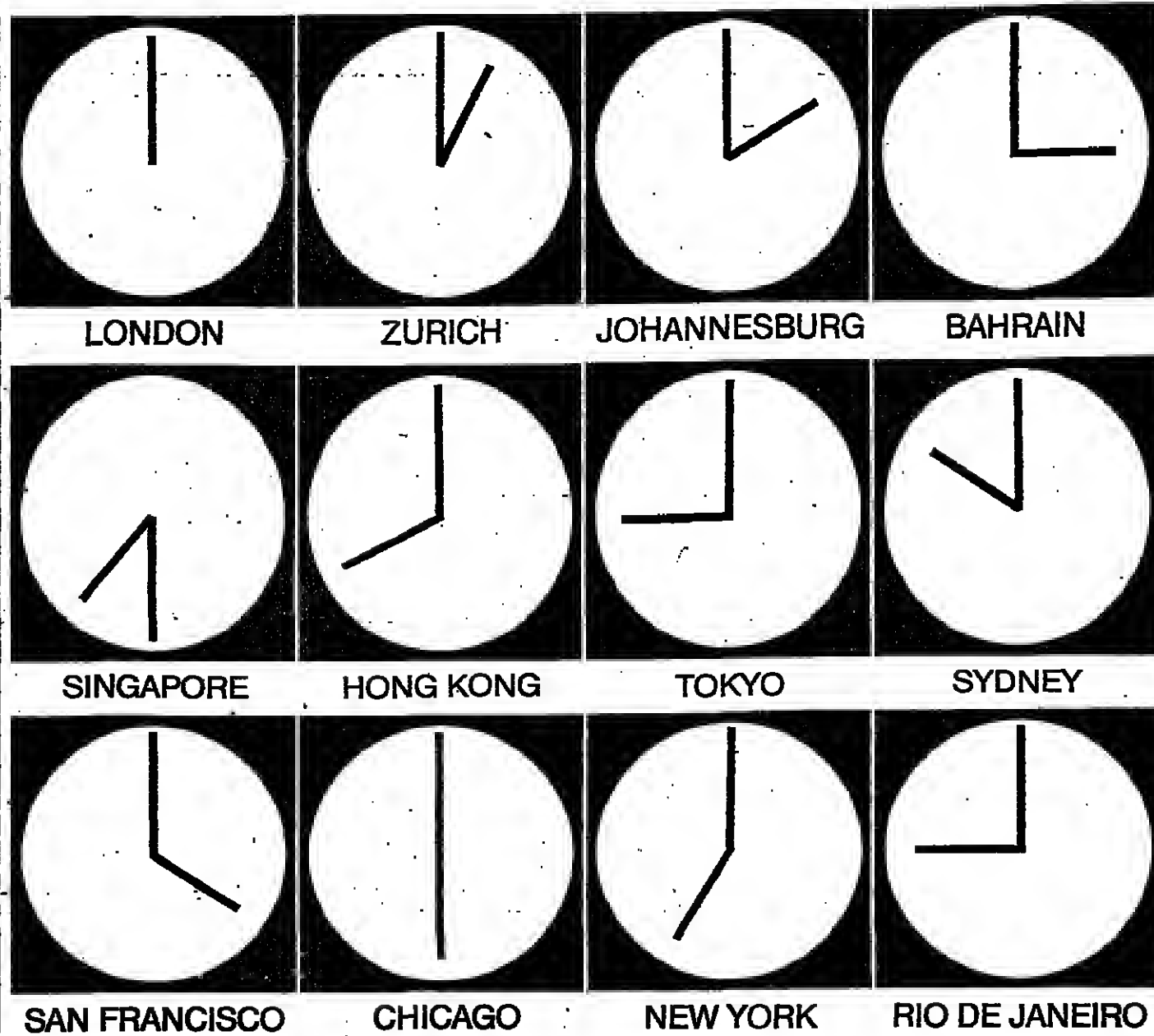
CAL made a loss of A\$20m (U.S.\$22m) in 1978, the last year before the Mitsubishi tie-up, but was able to turn in a net profit of A\$12m last year. Higher productivity, resulting from the introduction of Japanese production techniques, is claimed to have contributed to this improvement.

Mitsubishi's acquisition of full control over CAL means that three out of five of Australia's principal motor manufacturers are now partly or wholly Japanese. The other four companies in the industry

are GM-Holden (the Australian affiliate of General Motors), Ford, Toyota, and Nissan.

James Forth writes from Sydney: The acting Australian Treasurer, Mr. Eric Robinson, said yesterday that, although approval had been given for Mitsubishi Corporation and Mitsubishi Motors Corporation to acquire Chrysler Australia, the Federal Government would continue to have talks with Mitsubishi on a possible return of some Australian equity to Chrysler Australia in the future.

Mr. Robinson said that in approving the deal the Federal Government had taken account of the likely benefit to the South Australian economy. Mitsubishi had been requested to consult with the Government before making any changes to the operations of Chrysler Australia and also to consult about the possibility of introducing Australian equity in the future.



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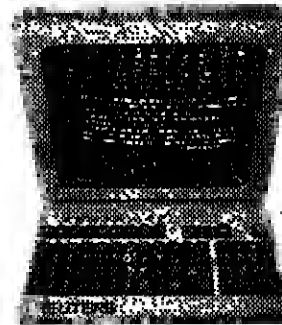
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### Success for Australian tap system

By James Forth in Sydney

THE AUSTRALIAN Government's new "tap" method of selling commonwealth bonds was successfully launched yesterday. In the process the authorities have again increased official interest rates, in a move which is expected to bring increases in other segments of the market. The Reserve Bank yesterday made two tap stocks available, offering A\$500m of two-year bonds at a yield of 11.5 per cent, and A\$250m of five-year bonds, with a coupon of 11.7 per cent, but issued at a yield of 11.84 per cent.

The two-year rate is slightly below the 11.7 per cent available in the secondary market, but the 11.84 per cent compares with about 11.75 per cent for five-year stock on the secondary market. There was a heavy demand for the five-year stock yesterday, supporting the widespread belief that the authorities went for a slight "overkill".

It was widely believed in the market that at least A\$150m of the five-year stock was bought at the 11.84 per cent, but that demand for the under-pitched two-year tap stock was subdued.

### SUDAN SUGAR PROJECT

## Lonrho fails to block Kenana

BY JAMES BUXTON IN LONDON AND ALAN DALBY IN KHARTOUM

LONRHO HAS failed in an attempt to block a major capital restructuring of the Sudan-based Kenana Sugar Company, which it formerly managed. A legal injunction against some of the other shareholders was overruled by the Sudanese Court of Appeal.

An extraordinary general meeting of the company last weekend then agreed to increase Kenana's authorised capital from S\$88m (\$100m) to S\$330m, but the decision has to be confirmed by a second meeting on May 10.

### fixed dividends

Under the restructuring Kenana will offer 130m A shares, worth S\$1 each, to all the existing shareholders in proportion to their stakes. It will also create 120m B shares by converting loans shareholders have already made to the company into equity. Both types of share will bear fixed cumulative dividends, with the A shares paying rather more than the B.

The arrangement will bring the company, which is operating the world's largest sugar plant,

some \$162.5m in new capital to finance the completion of the scheme. The shareholders have until May 10 to decide whether to take up the A shares. Both the Sudan and Kenana Governments are expected to increase their stakes, and unallocated shares are expected to be sold to the El Nilein Bank, a Sudanese state-owned concern, and the multi-state Arab Authority for Agricultural Investment and Development.

Lonrho, which conceived the project and managed it until May 1977, issued an injunction alleging that the Sudan Government, the state-owned Sudan Development Corporation, and the multi-state Arab Investment Company were breaking the founders' agreement between these concerns, and Lonrho and two other companies which established the projects, and thereby denying Lonrho its rightful place in the scheme. The rebuffing of Kenana's capital further diminishes the importance of Lonrho's S\$ 2.575m equity stake in the company.

Mr. Paul Spicer, a Lonrho director, yesterday confirmed that Lonrho had issued an injunction, but could give no further details, pending the return of a Lonrho executive from Khartoum. He would not say whether Lonrho would subscribe to any of the A shares.

Lonrho is still a member of the executive committee of shareholders of Kenana, having resumed its place in August 1978 after the settlement of a dispute with the company over its removal from the management contract in May 1977, but this could be threatened with the possible diminishing of its equity stake.

The present equity of Kenana is held 40.26 per cent by the Sudan Government and the SDC; the Kuwait Government has 18.52 per cent; Saudi Arabia has 16.24 per cent; the AIC has 13.60 per cent; Lonrho 3.24 per cent; Nisho Iwai 1.17 per cent; Gulf Fisheries 1.17 per cent. Some 3.77 per cent is unsubscribed. Under the new arrangement the Sudan Government with the SDC should just remain the biggest single shareholder.

Phase one of the Kenana project, which came into operation February, has now produced 8,000 tonnes of semi-refined sugar. The factory's complete refining process is not expected to come into production for another two months.

### Maximum funding

Dr. Beshir Abadi, Kenana's chairman, said that production during the first operational season, which ends in June or July, is expected to be 35,000 tonnes. The 1980-81 season is expected to produce 240,000 tonnes, and it is hoped to reach the full design capacity of 330,000 tonnes during the third season.

Assuming there are no upsets in the world sugar market, the company now hopes to reach its point of maximum funding during 1982 to 1983, which should result in a dividend becoming available to shareholders. The apparent readiness of the major shareholders to take up class B shares at a smaller fixed dividend than they were earning by way of interest on their loans, is being interpreted by Kenana directors as a vote of confidence in the company.

### Cold Storage Holdings lifts profit

BY OUR SINGAPORE CORRESPONDENT

COLD STORAGE HOLDINGS, the food concern, reported increased profits for the year ended January 31. The attributable group profit was S\$32.9m (U.S.\$14.8m), compared with S\$9.3m in the previous year, including extraordinary items amounting to S\$19.19m. The parent company's profits dropped slightly, from S\$19.8m

to S\$10.69m. On a turnover of S\$218.2m (U.S.\$98.4m), up from S\$195.7m, the group profit before taxation was S\$21.34m, compared with S\$17.82m last year. The directors are recommending a final dividend of 6 cents less income tax, making a total distribution for the year of 10.5 cents—the same as in the previous year.

### Genossenschaftliche Zentralbank Aktiengesellschaft

Vienna



U.S. \$40,000,000  
Floating Rate Notes Due 1989

In accordance with the provisions of the Notes, notice is hereby given that for the three month interest period from 1st May, 1980 to 1st August, 1980, the Notes will carry an Interest Rate of 15 1/2% per annum. The relevant Interest Payment Date will be 1st August, 1980 and the Coupon Amount per U.S. \$1,000 will be U.S. \$38.97.

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This advertisement complies with the requirements of the Council of The Stock Exchange.

U.S. \$30,000,000

### Banco Pinto & Sotto Mayor

(Incorporated in Portugal with limited liability and wholly owned by the Portuguese State)



Floating Rate Notes Due 1985

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CIBC Limited

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Société Générale de Banque S.A.

The issue price of the Notes is 100 per cent. The Notes have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the Notes.

Interest is payable semi-annually in May and November, the first payment being made in November 1980.

Full particulars of Banco Pinto & Sotto Mayor and the Notes will be available in the Extel Statistical Service and may be obtained during usual business hours up to and including 14th May, 1980 from the brokers to the issue:

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1st May, 1980



# FINANCIAL TIMES SURVEY

Thursday May 1 1980

Britain's third generation of new towns is well on the move. In these two pages ANTHONY MORETON, Regional Affairs Editor, reviews the development of the North West's representative.

## Central Lancashire New Town

Able to work within new rules

LIKE ITS fellow new towns Central Lancashire has been counting the cost of the change in strategy introduced last autumn by the Government. To its relief it finds it has been able to live within the new guidelines without too much difficulty.

As a third generation new town, like Northampton and Peterborough, it was exempted from the Government's first levy on the corporations. But this year it is expected to contribute £3m to the pool by selling assets. In principle the Development Corporation is not averse to working with private capital and does not find the raising of £3m particularly onerous. Even under the previous Labour Government it was looking in this direction and the first step was an agreement with the Norwich Union by which a large 100,000 sq ft factory for Seddon Atkinson (for a spares depot) was put up.

The corporation has also sold seven occupied factories total-Lloyds Bank. This sale became necessary because the new town was over-stretched at the time and required finance to undertake other operations, but some of the money will go to the Government. In addition, it is to build another 135,000 sq ft of factory space by the side of the funded enticement HRDLU HR M6 motorway and this will be funded entirely by the private sector.

To meet these changed

circumstances Central Lancashire has retained Bernard Thorpe and Partners to act for it and it is certain that some other factory units will be sold to reach the target figure. These will probably be some of the small nursery units.

Of more importance, and certainly of more potential danger to the future development of the corporation, is the Government's cutback on housing. The new towns as a whole have to reduce their construction programme from 10,000 houses to 2,000 and Central Lancashire will be curtailed to 180 starts this year compared with the 1,000 or so it had been hoping for.

Housing is vital to any town seeking to attract new industry. If a potential employer can be assured of 50 or 100 houses for key personnel this is often the deciding factor in choosing a location. Without the power to offer houses any authority is at a serious disadvantage.

The Government's reduction in the housing programme will not show for about two years, when the present number of starts, phased over the 12 months to next April, become completions. Central Lancashire will be able to juggle the houses available to some extent by keeping vacancies unoccupied rather longer than usual, but it will be severely constrained by the change of housing policy.

### Reluctance

Conforming with Government policy, every sitting tenant has been given the opportunity to buy, but the take-up has been low. Relatively few of the 2,795 rented houses have been sold. With a waiting list of just over 4,000 perhaps this is no bad thing. The reason for the reluctance to buy is almost certainly the high cost of new housing combined with the record level of mortgages.

Not that Central Lancashire, which includes the three exist-

ing towns of Preston, Leyland and Chorley, is by any means a depressed area. It has traditionally had an unemployment rate slightly below the national average and considerably below that of the North-West region. The reason is the strength of its industrial base and the high degree of skill required by so many of its workforce.

This happy situation is now coming to an end; the difficulty is to know whether the rise in unemployment is permanent or just a temporary aberration. In February the Preston travel-work area had a jobless rate of 5.6 per cent. The March figure was up to 6.3 per cent and when the April figures are released they will be over 7 per cent.

The sudden jump follows the shut-down of much of the Red Star works in Preston owned by Courtaulds. This step, announced late last year, is now taking effect and showing in the figures. In all 2,300 people were affected by the closure. The 250 craftsmen should have little difficulty in finding new work, however, because the aerospace, engineering and motor companies are desperately seeking labour.

The 2,000 or so unskilled and semi-skilled will not be nearly so fortunate, and among this figure there are probably 700 Asians without whom night-shift manning would have been impossible. Unskilled jobs are not easy to find and the Preston Skillcentre can only scratch at the surface in its retraining programme.

The Government's only other change towards the new town is to take out of industrial designation some of its land in the north-east and south-west corners. Otherwise the revised population target set three years ago by Mr. Peter Shore when he was Secretary of State for the Environment of 275,000, down from the original 420,000, has been retained by his successor, Mr. Michael Heseltine.

Courtaulds is not the only black spot in the local economy. Preston docks is another. Preston is some 16 miles from the estuary of the Ribble, is tidal and constrained by a very narrow wicket entrance. Its future as a commercial entity has gone. If there are worries on the industrial front there are few on the service side. Neither Chorley, which is more of a market town, nor Leyland, which is almost a company town, has much of an office population but Preston has, to the surprise of many, emerged in the past few years with a sizeable number of new white-collar jobs.

The town is the home of Lancashire County Council, by far the largest clerical employer. But it has also managed to attract insurance groups, banks, estate agents, building societies and others, and it is generally considered that the influence of the new town has been important.

### Attraction

Low rents have been a big attraction. It is possible even now to get an office for £1.50 a square foot, sometimes less. Not very often does the purchaser have to pay over £2.

These low figures emanate from the over-supply of offices which dates from seven or eight years ago. In 1972 there was 750,000 sq ft of space on the market. This has now largely disappeared but there is still probably about 150,000 sq ft vacant.

Two aspects are still bad, though. Off-street parking attached to developments is difficult to obtain and a town, indeed an area, which has traditionally been used to leaving the car almost where it stops does not take kindly to the restrictions inherent in modern traffic conditions.

It is also difficult to find a single large block of office space. Leyland Vehicles would

dearly like to bring together all its scattered offices under one roof but has been unable to do so. This lack of success contrasts with the company's highly successful research centre and the new vehicle test track which should open later this year and bring considerable benefits.

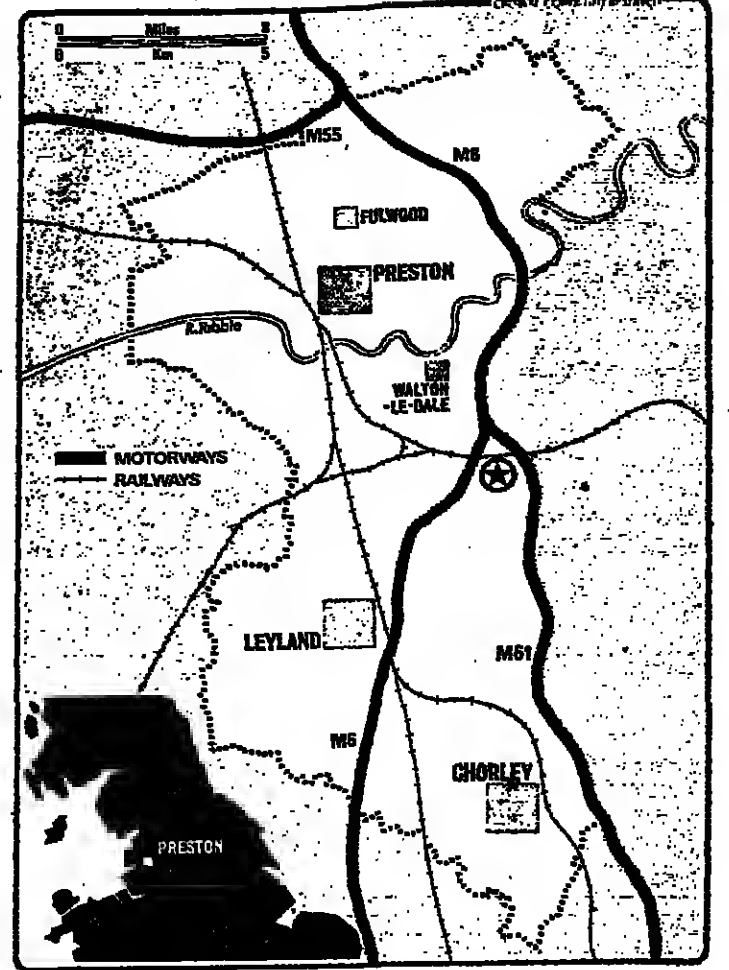
The inflow of offices, manufacturing and distribution units has largely come about because of the new town's excellent situation. The main west coast London-to-Scotland railway drives through the area and all the principal trains stop at Preston.

Perhaps more important, though, is its relationship to the motorway network. The M-6 divides the corporation's territory in two and the M-61

joins the M-6 at the point of the Walton Summit Industrial estate, the largest in the new town.

Walton Summit now has 104 factories on it and they have created over 2,000 new jobs. At the end of February just over 1m sq ft of floor space had been let on the estate and another 144,000 sq ft were under construction, of which private capital accounted for about a quarter (a rather higher figure than for the new town as a whole).

Central Lancashire's trump card for the future is that it has ample land for development and is still making improvements to its infrastructure. Despite the recent setbacks it is capable of sustaining a lot more growth.



## Industrial base changing

LIKE SO much of the rest of industrial Britain, Central Lancashire has had to come to terms in the last two decades with a changing base. Textiles are no longer king and never will be again. The conditions which brought cotton to the west of Britain still exist but modern technology means they can just as easily be recreated somewhere else where either labour is cheaper or capital more modern.

The old mills still stand, their chimneys pointing almost accusingly to the sky, their empty floors a challenge to those who are seeking to bring new work to the towns.

As recently as 1961 one worker in every four in central and north Lancashire was employed in the textiles and clothing sectors. By 1976 the figure was one in eight and now,

with closure following closure, probably one in 10 takes home pay from this industry.

Central Lancashire has been able to ride part of this storm because it also has industries which demand high craftsmanship, and the skilled worker is as much in demand here as elsewhere.

Central Lancashire has, of course, succumbed to the growth of the white-collar jobs just as any other part of the country. Whereas service industries accounted for 49 per cent of the working population in 1961, they had risen by 1976 to 61 per cent.

Much of this growth has been at the expense of textiles rather than manufacturing industry. The largest single employer outside the service sector remains the Walton division of the nationalised British Aero-

space Corporation, with 15,000 employees. Of these, 6,000 are in Preston itself at the production centre, some 3,000 at Samlesbury and 7,000 at Warton, the last two just outside the new town boundaries. The remainder are working for the division in Saudi Arabia.

Other major craft employers include Leyland Vehicles, which turns out the new large truck at its works in the town from which it takes its name. GEC, which makes diesel engines for the railways, Leyland Paint and Wallpaper, Atkinson Seddon, Plessey and Baxi Heating.

The skills are not merely at the craftsman level. British Nuclear Fuels, Leyland Vehicles, at its research centre, and above all British Aerospace employ a considerable proportion of graduate-level personnel.

Indeed Preston's pool of skill has become so deep that it is frequently fished or poached, according to your viewpoint, by German and American companies. It is not unusual to see advertisement in the local papers advertising jobs abroad and the local hotels become the venues for interviewing potential candidates for the brain and skill drain.

If Preston is to maintain reputation as a centre of skilled manpower much will rest on its ability to train the next generation of craftsmen and engineers. Both industry and the educational institutions are doing their best to respond to contemporary needs.

Whether the polytechnics are producing exactly the sort of worker that industry needs is often a bone of contention be-

CONTINUED ON NEXT PAGE

# "Thanks, Central Lancs"

IN the past year alone, over 30 companies have found success in Central Lancashire New Town.

This advertisement is about just some of the businessmen who've achieved excellent results here. As it's their story, they're telling it.

We think they paint a very impressive picture of Central Lancashire.

But don't take our word for it. Read on.

**"Two years ago I came to Central Lancs for my 21st"**



"In 1977, I set up a UK plant in Central Lancs—the company's 21st, in fact, although we now have 29 plants and warehouses on 3 continents, plus sales outlets in more than 100 countries."

Karel Bos is Chairman of Bosal International, specialists in the production of quality exhaust systems, garage equipment and steel tubing, and one of the largest companies in the area.

"Once we'd chosen a site in Central Lancashire we built the factory ourselves—our experience has given us certain ideas on the way a plant should be."

"The Development Corporation's architect was superb. He came over to see our Belgian 'mother' factory, then produced the plans just the way we

wanted them—although I have to admit he wasn't keen on all our ideas!"

"Apart from all the business and economic arguments, the Corporation's people and the service they gave us were major reasons for our choice of location. I've nothing but praise for them."

"Obviously, we looked at other areas before making the choice. Many of them offered what seemed to be generous incentives, but we thought although setting-up costs would be lower, we'd really only be buying a very big problem for the future."

**"The TVR Tasmin was designed faster than any car on the road"**

"The final prototypes of the Tasmin, launched in January of this year, were built in Central Lancs, where we've set up our Research and Development Department."

Oliver Winterbottom is the Engineering Stylist who took TVR's new sports car from drawing board to pre-production in less than 2½ years. How many of the big name manufacturers could even hope to develop a model from scratch with such alacrity?

"The factory we chose in Central Lancs to build the final Tasmin prototypes was painted, heating was installed, strip lights were fitted end-to-end. We were operational from the moment we got the keys."

"We find the immediate surroundings very useful, too. Companies here on the site can supply a lot of our requirements."

"We recruit our apprentices locally, and we've found all the engineering services and personnel we need in and around Preston."

The Tasmin provides TVR with an ideal springboard for the '80s and the development team are already working on some exciting new projects.

"This factory will adapt to suit any new work we may need to do in the future."

**"We're making a bomb behind the Iron Curtain"**

"We export to a lot of Eastern Bloc countries such as Poland, Rumania, Czechoslovakia, Yugoslavia ... we hope the Russians will be coming to us soon as well."

Malcolm Negus is the General Manager of Compounding Ingredients, one of the biggest manufacturers of specialist chemicals in the UK.

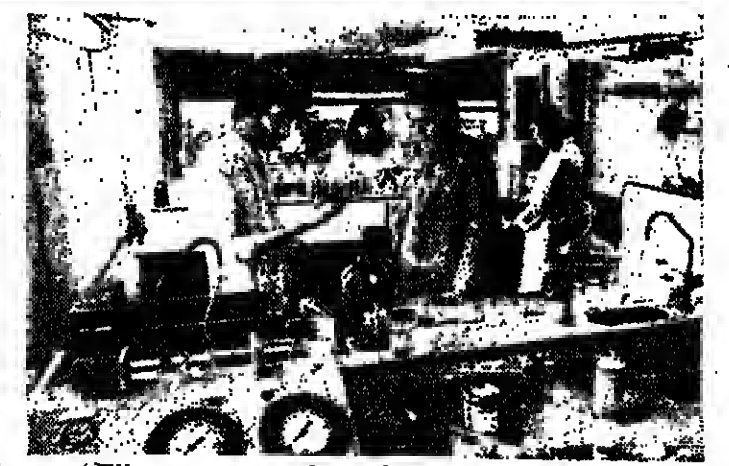
Export plays a very important part in his business, accounting for over 40% of sales.

"We transport goods abroad mainly by sea freight. (Both Manchester and Liverpool docks are less than an hour away.) In an emergency, we can also freight goods via Manchester Airport. It's never a problem organising either from here."

"And as we're near the motorway, we can rely on a fast, efficient collection and delivery service from our hauliers."

To cope with expansion, the company's workforce has increased by over 200% since early 1978.

"I usually recruit locals—they're generally steady, reliable types."



"We were one of the first companies to move here, and we'd be the last to leave. After all, there are over 80 other companies on the site now; so we can't have made a bad choice, can we?"

These are just a few of the success stories you'll find in Central Lancashire New Town.

If you'd like to read some more, plus all the hard facts on an area whose industrial history goes back to the time of Stephenson, Watt, Arkwright and their contemporaries, just snip, sign and send off the coupon below.

It could be the move that gets your business moving.

Name \_\_\_\_\_  
Position \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_  
Postcode \_\_\_\_\_  
Post to: W. A. N. H. E. R. I. C. S., Commercial Director, Central Lancashire Development Corporation, Clarendon Hall, Bamber Bridge, Preston PR5 6AX. Telephone: Preston (0772) 38371.

# Central Lancashire.

The foundation for your future.

مكازم الأصول



# CENTRAL LANCASHIRE NEW TOWN II

## Training centre for new skills

IT IS arguable that one of the most important services that the Government could provide to alleviate the serious unemployment which will face the country for several years to come is for it to invest much more heavily in retraining. Skilled men and women are at a premium almost everywhere; it is the unskilled, and to a lesser extent the semi-skilled, who have the greatest difficulty in finding jobs.

The Government is not unaware of this and is doing something about it. There are about 100 Skillcentres around the country run by the Manpower Services Commission (MSC) and they offer retraining in 73 trades. But the centres are only scratching at the surface. An average-sized one will turn out about 400 tradesmen a year, a figure which is not going to go far to dent the country's 1.46m unemployed — though it will make a very important contribution to the life of those 400.

The Preston Skillcentre is a good example of what is undertaken. Opened two years ago by Mr. Len Murray, general secretary of the TUC, it offers training in 14 trades. But since three of those have sub-sections it actually offers places in 17 different disciplines.

The centre is new and purpose-built and, ironically, almost next door to Courtaulds Red Star works which has just closed, putting 2,800 men out of work. The Preston Skillcentre will provide very little

counted to the Courtaulds' closure but the pity is that more centres doing its work might somehow produce the sort of craftsmen a changing industrial Britain needs.

For one of the things Preston does is to teach new ways of performing old tricks. Welding steel plate may not be needed so much, for instance, now that shipbuilding is in decline but welding tubes for the oil and gas industry is desperately needed and the man with the unwanted skill to do the former cannot always move over to the latter without some form of retraining.

### Put on ice

The Preston centre is one of 11 in MSC's north-west region and the Government's economy cuts have virtually brought a halt to further developments. The Blackburn centre is being rebuilt at Accrington and should have opened in about a year but plans for further centres have been put on ice.

Preston has places for 220 people and at the moment is training 168. The shortfall does not mean, however, a lack of enthusiasm among the unemployed — though no one denies that it is difficult to talk men into joining a course — as the technical reason that courses are staggered and vary in length, so that there is probably never a full house.

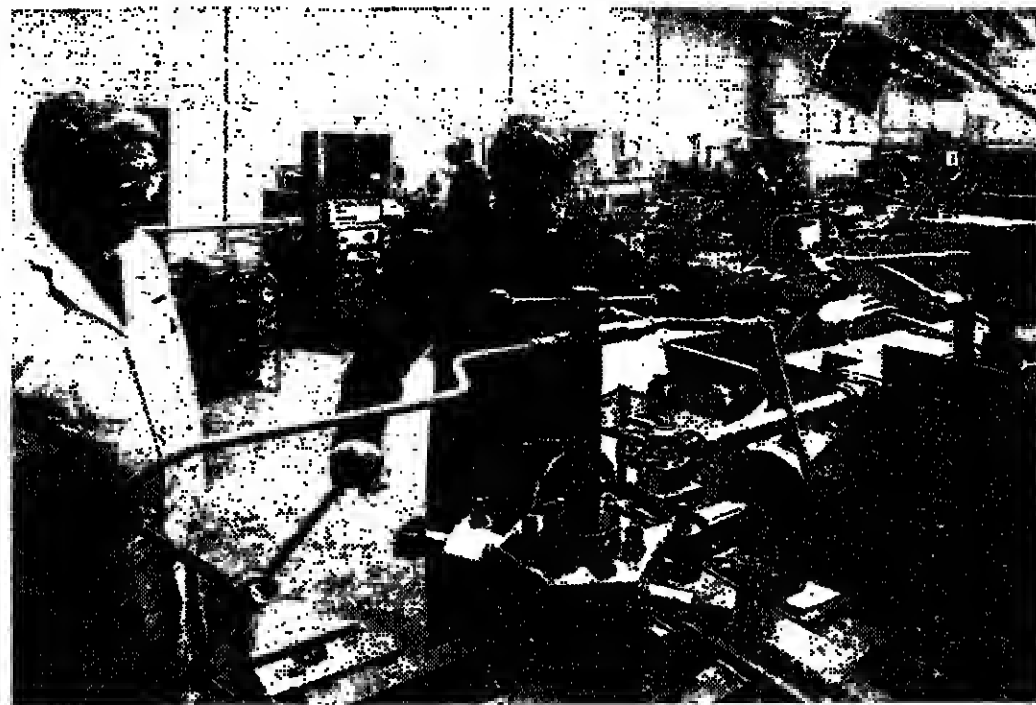
The longest course — radio, television and electronic servicing — lasts 42 weeks. Some, such

as electric arc welding and maintenance take 30 weeks, but the average length is 26 weeks. For this the men and women receive a training allowance which is slightly above unemployment pay, so as to make it attractive. There is also a travel allowance for those living more than two miles from the centre and a lodging allowance if it is necessary to live away from home during the week.

Because Preston has a high unemployment rate it is difficult to find digs for those on the courses, so most tend to travel. They come from as far away as Morecambe each day, though as the nearest centre giving training in painting and decorating is at Long Eaton in Nottinghamshire the catchment area for this trade extends up into Scotland.

Instruction is deliberately kept to small groups, averaging 12. So the ratio of instructors, all have been craftsmen in their time, is kept high — there are in fact 26 in Preston.

The emphasis all along is on work: the centre's hours are those that would be experienced in any factory — a 40-hour week from 9 to 4.45 and 3.30 on a Friday. There is also clocking-in and out. But if the emphasis is on work practices it is also on practical work. "Classroom" studies are kept to a minimum, though a certain amount is given in each trade. Some disciplines, such as TV servicing will obviously get more than



Trainee receiving instruction in capstan lathe setting

street masonry and paving. One of the services which the centre values most highly is that in sponsored training. This is a scheme by which a particular employer uses the facilities available; he might want some of his men trained in a specialist branch of welding. The Skillcentre organises the training and gears it to the employer's needs.

The company has to pay the wages of those who attend the centre on this facility and are charged £65 a week for every place occupied. When Preston was in an assisted area the service was free but since its downgrading under Sir Keith Joseph's rethink on regional policy a charge has had to be made.

Not everyone coming out of a skillcentre will become a skilled man, though all will have a new skill. The place the "graduates" have at work depends to a large extent on the unions, who determine so much in relation to the question of skills. But at the very least those completing the courses will become tradesmen, and that is a lot better than being unskilled and out-of-work.

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**COURTAULDS**

Red Scar is a well known and established name in the disposal business. The company has a fleet of over 100 trucks and a large staff of experienced drivers. It is a leading company in the disposal of waste materials and is a member of the British Disposal Association.

For more information, contact: Red Scar, Courtaulds, Preston, Lancs. Tel: 0772 312345.

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Preston PR5 8BQ  
Tel: Preston 35412

### PROFILE DICK PHELPS

## Manager of the enterprise

WHEN I met Dick Phelps he had just come out of prison. Perhaps it would be more accurate to say that he had just come back from prison because he had not been involved in any misdemeanour or chicanery. Mr. Phelps is a prison visitor and he had been in prison in an official capacity.

Dick Phelps has been general manager of the Central Lancashire Development Corporation since the third generation of the town was set up in 1972. This is his third career. He started in the colonial civil service, and then went to the Treasury. He believes that everyone should have more than one career and sees one of the faults of British management stemming from the fact that most people have only one discipline with one employer.

"Two few of our leaders have any depth of experience. They remain with the same employer all their life. Efforts to second people within this country are pretty pathetic. The civil service has made attempts but sending a man from the Treasury to a merchant bank in the City is merely going from one establishment citadel to another.

"The Treasury people never go to the sharp end, to the business world. So they stay in their monastic cocoon."

The third part of his working life began in 1968 when he moved to Skelmersdale new town as general manager.

Skelmersdale was a brave attempt to do something about rehousing people from Liverpool.

He remembers his time there not so much for the work and the problems as the general atmosphere. "There was a totally different perspective during the middle and late '60s. Growth was the thing. The country's population was going to grow, energy was to be abundant, no investment was too large to envisage."

### Lame ducks

Places like Skelmersdale and Runcorn were attempts to do something about the structural problems of decline given that growth, outlook, Central Lancashire was a different question altogether. It was no greenfield site; three towns within its boundary — Preston, Leyland and Chorley — already had a long history. But to him the principle was the same — the need to prevent lame ducks going to the wall.

"So when the new town started in 1972 he moved to it as general manager. Because he was dealing with a society in being, rather than a greenfield site, his approach had to be different. "A different touch, a different style."

He was fortunate in having a Board which was very conscious of this difference. They saw the need to build on the existing economy, an economy based on a high degree of craftsmanship,



largely in the engineering and textile industries.

"We have in the north west some of the oldest industrial towns in the world but they are wearing out. There is no way in which either the public sector or the private sector on its own could regenerate this economy. That is our strength. We can foster a joint exercise."

The extent to which Central Lancashire has done that has been impressive. It has undertaken housing programmes which have brought some of the best of modern housing — public and private — in the country and rehabilitated areas, such as the

Plungington district of Preston, which would have been too big for a local authority to tackle.

Plungington is typical of an area thrown up by the Industrial Revolution. There are 3,000 houses tightly packed into 105 acres, terraced houses on a grid pattern, built for the millworkers in the cotton industry. Two out of three had none of the usual amenities, but they were structurally sound.

Plungington is now being turned into an area where the houses are acceptable to late 20th-century standards by a scheme introduced in partnership with the local council. The Government cutbacks on spending will inhibit this work. Dick Phelps is not too concerned about the need to sell some of its assets. Central Lancashire has to contribute £3m to the pool and he fully accepts the need to use private sector capital to the full.

But he is concerned at the cut in the housing programme, which means that the corporation will only be able to make a start on 180 houses this year. This will severely inhibit its ability to do something about the other places like Plungington and set back the attack on social decay by years.

"Prosperity here depends not on the graduate but on the skilled man. And he simply cannot afford a 15 per cent mortgage. If he cannot rent something, which is the only option open to him with borrowing rates at their present level,

then either he will leave or there will be social discontent."

If Dick Phelps is envious of anything it is of the resources allocated to the Scottish and Welsh development agencies. He sees the role of new towns as regional development agencies in miniature but he knows he has to undertake that role without the resources available to his much bigger but younger cousins. Now he will have even less scope for manoeuvre. But that is just one more problem to overcome in the cradle of industrialism.

### THE PERFECT HOME FROM HOME

Get away from it all weekends are the perfect way for you and your family to unwind. And there's no more luxurious, more relaxing and, ultimately, more economical way of making the most of your leisure time than in your very own home from home GALAXY.

GALAXY is one of Britain's leading leisure home manufacturers. Models have lovely lounges.

Tell me all about GALAXY leisure homes 1980

Name: \_\_\_\_\_  
Address: \_\_\_\_\_ FT1/5

In: Galaxy (Mobile Units) Ltd, Unit 22, Walton Summit Centre, Bamber Bridge, Preston, Lancs. Telephone 0772 312345

### Industrial base

CONTINUED FROM PREVIOUS PAGE

tween the two sides in Central Lancashire. Industry is also playing its part in the training of apprentices. British Aerospace takes 144 a year to the engineering disciplines at the age of 16 and around 50 on to the commercial and clerical side. In addition it takes another 70 or so at the age of 18 to more advanced courses and probably has about 1,000 in all at any one time.

Competition is intense for these places. Probably 1,500 youngsters seek craft training in any one year and the companies are just completing their interviews for this year's school-leavers.

But not even such an active programme has overcome the fundamental shortage. It is difficult to get machinists, tool-

## Lancashire

The red rose county where industry blooms

We won't list our attractions, suffice to say they match up to those in every other location. So why not come and see for yourselves and join some of those companies who did — and stayed. Like:

Hornsea Pottery • Gulf Western • Dunlop • Michelin Mullards • Turtle Wax • Tube Investments • U.K.A.E.A. British Nuclear Fuels • Brooke Bond • Silent Night

For further information contact —  
Michael Stansbury,  
Industrial Promotion and Liaison Officer,  
East Chiff County Offices,  
Preston, Lancs. Tel. (0772) 54868

## Lancashire

County Council

# THE £2.5 MILLION SPARE PART.

We've recently put £2.5 million behind every component we stock, and we're sure the people who operate Seddon Atkinson vehicles will consider it money well spent.

Our new Parts Distribution Centre in Central Lancashire, with its 100,000 square feet of purpose-built equipment, will keep us well ahead of existing and future parts demand.

Which confirms our dedication to offer a parts service second to none in the heavy truck industry. And to keep pace with demand as increasing

numbers of Seddon Atkinson vehicles go on the road, the new Centre will hold over 30,000 different product lines.

Prompt turnaround is the objective. Parts availability and service to our customers are the key words.

With that in mind, we think the £2.5 million is worth every penny.

## SEDDON ATKINSON

Seddon Atkinson Vehicles Limited, Oldham and Preston.







## U.S. commodity ban on Swiss bank

BY DAVID LASCELLES IN NEW YORK

A SWISS bank which defied a request by the U.S. Commodity Futures Trading Commission (CFTC) for information on its silver dealings, has been banned from trading on the U.S. commodities markets.

This development marks a further escalation of the tension between U.S. commodity regulators and foreign participants in the markets.

Acting on a complaint from the CFTC, an administrative law judge has ruled that the Banque Populaire Suisse de Bern should be prohibited from further trading on U.S. markets. The ruling has immediate effect. The bank may, however, appeal it to the CFTC commissioners, and from there to the U.S. courts.

The CFTC lodged its complaint after the bank failed to respond to a request last January for information about its clients and the nature of its dealings in the silver markets.

which were buzzing with speculative fever at the time.

The bank replied that it could not disclose confidential bank-client information.

The episode is the latest in a series of largely unsuccessful attempts by the CFTC to subject foreigners to the same disclosure requirements as U.S. commodity traders.

From Bern, meanwhile, Reuter reported that the bank had not yet decided whether to appeal against the ruling. It is holding legal consultations about the affair and a communiqué may be issued later, the bank's legal department said.

An initial decision was handed down on April 25 by CFTC administrative law judge Arthur Shippe after Banque Populaire failed to answer a complaint filed by the Commission's enforcement division.

Counsel for the bank contended that the CFTC lacked jurisdiction and that the ruling

of an answer to the complaint would be made after a determination that the CFTC had jurisdiction.

Judge Shippe ruled that the bank's jurisdictional claims were "wholly without merit" and that the CFTC was "not required to separately adjudicate the jurisdictional issue presented."

The complaint alleged that the Swiss Bank had held or controlled long positions in the December 1979 and March 1980 silver futures traded on the Commodity Exchange in New York which exceeded reportable levels.

In October last year the Commission authorised a special call requiring Banque Populaire to provide information on the transactions and positions held for its customers, if any, on Comex, the Chicago Board of Trade and the Mid-America Commodity Exchange in Chicago.

CFTC has authority to request special information from traders on U.S. futures markets when the information is necessary for the agency's market surveillance duties. Traders who refuse to comply can be barred from all domestic futures trading after a hearing is held.

Judge Shippe ordered Banque Populaire to hold further violations as charged in the complaint and prohibited it from further trading on all U.S. contract markets.

The administrative law judge's order will become final 30 days after it is served, unless it is appealed to the Commission.

Judge Shippe concluded that CFTC "has jurisdiction over any person, without regard to the person's nationality or location, who actually trades on this country's commodity futures markets and thereby subjects himself to the provisions of the (Commodity Exchange) Act and the Commission Regulations."

Under the Food Aid Convention, 19 nations pledged a total of at least 7.5m tonnes of food grain annually to developing nations.

Mr. Bergland noted that the total amount falls short of the target of 10m tonnes of wheat and other grains, and he urged other nations to become donors, especially the oil producing countries.

He said legislation is before Congress to establish a 4m tonnes wheat reserve to ensure that the U.S. can meet its food aid commitments. "I hope the signing of the new food aid convention will speed the passage of this legislation," he said.

## Indian jute mill nationalised

NATIONAL JUTE, the biggest jute mill in India, has been nationalised. This is the first jute mill to be nationalised so far.

There are nine other jute mills whose management has been taken over by the West Bengal government and the Industrial Reconstruction Corporation of India but their ownership legally is still in private hands.

The government has placed National Jute under the direct control of the Jute Corporation of India. This has given rise to speculation whether the Jute Corporation will set in one company to be converted into a holding company to acquire the ownership of the other nine mills.

The Jute Corporation was started as a price support body. Subsequently its role was changed to make it a commercial operator in the raw jute market. Its indifference to performance in the latter role has been a cause for criticism from New Delhi as well as industry sources.

About 150,000 bales of jute worth Rs 25m were destroyed in a blaze in Kanpur in northern India. The Press Trust of India said the bales were stored in a godown which caught fire.

## Food aid convention signed

WASHINGTON — U.S. Agriculture Secretary Mr. Bob Bergland, yesterday signed the International Food Aid Convention of 1980, which pledges a minimum of 4.4m tonnes of grain a year as food aid for developing countries.

Under the Food Aid Convention, 19 nations pledged a total of at least 7.5m tonnes of food grain annually to developing nations.

Mr. Bergland noted that the total amount falls short of the target of 10m tonnes of wheat and other grains, and he urged other nations to become donors, especially the oil producing countries.

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## Pitching the price to stimulate investment

BY BRIJ KHANDIA IN GENEVA

THE MAIN iron ore exporting countries expect 1980 to be a better year for them than 1979 because of the tighter balance between ore supplies and demand. But deterioration is not being ruled out because of recession prospects in western countries.

The iron ore market firmed slightly last year compared with 1978, partly because of industrial troubles and poor weather conditions in Australia and Brazil which eased the over-supply situation. Stocks now stand at minimal levels.

World iron ore production is estimated to have been about 840m tonnes in 1979 compared with consumption of 828m tonnes.

But prices are still too low to encourage investment in new mines or expand existing ones, and there are signs of uneasiness among importers that supply shortages might occur in the near future.

This outlook has encouraged consumers to conclude long-term contracts. The bargaining position of producers has improved, according to a study by the Geneva-based Association of Iron Ore Exporting Countries, presented to a meeting of the association's decision-taking board earlier this month.

Some forecasts made by large iron-ore consumers predict a supply shortfall of as much as 80m tonnes by 1985. According to some estimates by consumers, iron-ore prices should be at least \$18 per tonne (fob) to encourage major expansion of existing mines.

To encourage investment in new mines, the price must be

at least \$28 per tonne. These estimates could indicate the prices that will be offered by consumers in future contracts to prevent predicted supply shortfalls.

Prices offered by European, mainly West German, and Japanese buyers in 1980 contracts indicate a 20 per cent to 30 per cent increase over last year. But in real terms the 1980 prices represent only about 70 per cent of 1968 levels.

However, the 1980 prices will be sufficient to allow most mines to break even or even show small profit compared with the losses made last year.

Total world iron ore consumption is estimated at 839m tonnes. Surplus ore available for export is expected to be about 39m tonnes roughly balancing Association's board viewed short and medium term prospects with "cautious optimism." It felt that market conditions could worsen for producers in the short term if steel production slackens in line with the world's general economic situation.

Adverse factors include fluctuations in the dollar's exchange rate, increasing freight costs partly because of higher fuel prices, energy supply problems and inflation.

But the board felt that the coming decade appeared more favourable from iron ore producers and exporters than the previous one.

The recently-formed association would like to bring together all producers and exporters, including those outside the association, to identify common problems.

Brazil, the world's second

largest iron ore producer and exporter after Australia, is not an association member. Australia produces about 82m tonnes and exports 78m tonnes, compared with Brazil's production of 83m tonnes and exports of 77m tonnes.

Another large producer, Canada, with an output of about 44m tonnes and exports of 32m tonnes, is also outside the association, but has less influence on the world market because most of its exports are tied to consumers in the U.S.

Former Liberian Minister for Lands and Mines, Mr. Cletus Wotorsen, who is now a special adviser to the Liberian Government, was to have led an association delegation to Brazil this spring to start an informal dialogue between that country and the association.

But the recent coup d'état in Liberia has delayed the visit. The new Liberian Minister Willie Nebo is expected to make the visit later this year probably together with Mr. Wotorsen.

One of the visit's aims will be to assess whether there are problems common to all iron ore producers and exporters which could become the bases of joint bargaining positions in separate negotiations for an International Commodity Agreement to stabilise iron ore markets.

These talks, under the aegis of the UN Conference on Trade and Development (UNCTAD), have been held at a standstill after two sessions, the last of which took place in 1978. Australia is totally against any collective action by iron ore exporters, a position opposed by the association's developing country members.

## Boost for S. American oilseed output

WASHINGTON—Investments to expand oilseed production in South American countries will be stimulated by the current embargo on grain and oilseed shipments to the Soviet Union, a top official of the American Soybean Association said.

Mr. Allan Aves, president of the association, in remarks prepared for delivery to the final series of meetings on U.S. agriculture structure, said investors

have been hesitant to continue expanding large amounts of money necessary to clear and cultivate land in South America.

However, the current embargo is expected to stimulate investments in oilseed production at the expense of the U.S. producer, Mr. Aves said.

He conceded that large increases in South American soybean production have

occurred but "the majority of the growth was initially stimulated by U.S. (government) intervention in the free market place in 1973." Mr. Aves was referring to earlier embargo placed on grain and soybean shipments as a result of a fear of domestic supply shortages.

Future commodity programmes should involve greater reliance on free market forces, Reuter.

## UK farmers seek end to EEC farm price stalemate

By Our Commodities Staff

BRITISH FARMERS are becoming increasingly concerned at the failure of EEC agriculture ministers to agree on new Common Market farm prices for the 1980 crop year.

Mr. Alan Jackson, deputy president of the National Farmers' Union, said yesterday that it was very important to reach an early decision on European farm prices. "Unless agreement is reached very soon then agricultural production in Britain will suffer and harm will be done to consumer prospects as well as to the agricultural industry."

We need higher prices now and we cannot accept a further postponement of the negotiations which are beyond our control," Mr. Jackson said.

In the interests of all European farmers an early settlement was essential, he stated. "None of us is immune from inflation." The UK had the highest inflation rate in Europe, he noted.

At last weekend's summit in Luxembourg, Britain turned down a community price package which would have increased farm support prices by an average of 5 per cent because of the failure to agree sufficient concessions on UK budget contributions.

## U.S. confirms 8m tonne grain sale deal with Russia

BY OUR ECONOMICS CORRESPONDENT

U.S. Agriculture Secretary Mr. Bob Bergland has confirmed that the US will be permitted to buy up to 8m tonnes of U.S. grain in the year beginning October 1, 1980. This is the fifth annual year of the U.S./Soviet grain supply agreement, which was negotiated in 1975 to ensure that the "great grain raid" of 1974, in which Russian buyers quietly bought up an embarrassingly large amount of the U.S. crop, could not be repeated.

Following the Russian intervention in Afghanistan, the U.S. responded by barring all sales of grain to Russia above the 8m tonnes agreed under the pact for the 1979-80 marketing year. It did not rule out, however, the possibility that the U.S. might cancel the agreement a year short of its allotted term.

Mr. Bergland said the U.S. would not abrogate the final year of the pact, but he stressed that the grain would not be sold at knock-down prices. "We are not going to conduct a fire sale," he stated.

Meanwhile domestic rancour about the embargo continued to simmer. The ban was an "unfair burden" on producers and

grain merchandisers. Mr. Richard Goldberg, chairman of the Grain and Feed Association, an agricultural policy committee told a conference yesterday.

He said the "food weapon" should never be used as a tool to foreign policy unless the U.S. has mobilised the entire economy for war.

And in a telegram to Mr. Bergland, the president of the American Farm Bureau Federation, Mr. Robert Delano, said the embargo was partly to blame for depressed U.S. grain prices. The market was uncertain how the Government would tender bought-in contracts for maize and wheat, he said.

He urged the agriculture secretary to ensure that the contracts were sold in an orderly manner.

All contracts of embargoed grain should be sold by July 1, he said, while offsetting quantities less should be purchased for later sale on a staggered basis. He also called for greater efforts to stimulate exports.

In the USSR, wet weather has halted fieldwork in most areas,

the USDA and the National Oceanic Atmospheric Administration said. In a joint international weather and crop summary the agencies said warmer temperatures were needed to bring crop development up to normal levels.

The EEC Commission has arranged to sell another 20,000 tonnes of subsidised butter to Russia in spite of strong protests from British representatives.

Last year the Common Market sold nearly 140,000 tonnes of butter to the USSR and in spite of the Afghanistan situation no action was taken to halt this trade, which costs the Community more than £1,000 in subsidies for each tonne exported.

The EEC undertook, however, not to sell more than normal quantities to the Soviet Union though there was no sure way of stopping extra butter reaching that destination. It cannot be guaranteed that sales to other Eastern European countries are being diverted to the Soviets.

This week's sale was arranged at the weekly export tender in the normal way.

## BRITISH COMMODITY MARKETS

## BASE METALS

COPPER—Barely changed on the London Metal Exchange. After a firm opening when forward metal traded up from £240 to £244 the market cooled, and the price fell to £238. That market moved up sharply at the outset, encouraged by short-covering and forward metal trading at £244, the high of £251. This trend was short-lived, however, as general selling pressed the price to £233 prior to a late rally which left the morning metal at £240 on the late bar. Turnover 24,000 tonnes.

WIREBARS—Copper wirebars traded at £212.30, three months £214.40, six months £216.50, three months £218.60, six months £219.70, three months £220.80, six months £221.90, three months £223.00, six months £224.10, three months £225.20, six months £226.30, three months £227.40, six months £228.50, three months £229.60, six months £230.70, three months £231.80, six months £232.90, three months £234.00, six months £235.10, three months £236.20, six months £237.30, three months £238.40, six months £239.50, three months £240.60, six months £241.70, three months £242.80, six months £243.90, three months £245.00, six months £246.10, three months £247.20, six months £248.30, three months £249.40, six months £250.50, three months £251.60, six months £252.70, three months £253.80, six months £254.90, three months £256.00, six months £257.10, three months £258.20, six months £259.30, three months £260.40, six months £261.50, three months £262.60, six months £263.70, three months £264.80, six months 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## LONDON STOCK EXCHANGE

Gilt-edged again attract overseas and domestic funds  
Equity investors concentrate on secondary stocks

Account Dealing Dates  
Options Last Account  
Dealing Date  
Apr. 14 Apr. 24 Apr. 25 May 6  
Apr. 28 May 8 May 9 May 19  
May 12 May 20 May 21 June 9  
"New Time" dealings may take  
place from 9 am two business days  
earlier.

Fresh optimism developed in  
stock markets yesterday as  
Minibus Lenders Rate falling  
before previously envisaged,  
perhaps in the next month or so.  
This followed calls for a reduction  
in domestic interest rates  
sooner rather than later this year  
from the CBI which is con-  
cerned about the damage the  
current prolonged spell of dearer  
money is having on industry.

The bulk of investment funds  
went into Government securities,  
and there was further evidence  
of strong overseas interest  
despite yesterday's easier tone in  
sterling. At one stage, the gains  
in long Gilts stretched to over  
a point with trade being inhibited  
by stock shortage, but news of  
the Iranian embassy siege in  
London introduced caution and  
profit-taking left final quotations  
below the best.

Equities were not over-  
shadowed by the continued  
prominence of Gilts, although

business in many leading shares  
was again negligible. Institutional  
investors concentrated their  
attention on secondary stocks,  
where some sizeable lines of  
stock changed hands, while  
speculative enthusiasm still  
focused on selected North Sea  
oil, onshore oil exploration con-  
cerns and situation issues.

Throughout the session, the  
equity sectors were guided by  
the tone in British Funds where  
gains were eventually pared to  
stock changed hands, while  
speculative enthusiasm still  
focused on selected North Sea  
oil, onshore oil exploration con-  
cerns and situation issues.

Discounts better  
Demand for Traded options im-  
proved slightly and 498 contracts  
were completed. Cheaper money

comment helped recently dull  
MFI, 4 better at 58p, while Status  
Discount, currently the subject of  
an offer from MFI, added a  
similar amount at 54p, and boxes  
lifted Owen Owen 3 more to 135p,  
while Ellys (Wimbleton), 170p,  
and Grant Bros. 97p rose 15 and  
4 respectively in sympathy.

Support was also noted for Fuly  
Pack 5 up at 35p, and for MFI  
Bros. 13 higher at 27p. Maple  
rose 4 to 35p to match the in-  
creased offer terms from Waring  
and Galloway, 2 cheaper at 105p.  
A. Stanley, 2 cheaper at 70p.  
Following substantially higher  
preliminary earnings, but A.  
Gaird provided an outstanding  
weak feature, falling 20p in a  
narrow market to 130p in the  
response to the annual profits  
setback.

Further consideration of the  
company's decision to withdraw  
from the medical scanner market  
prompted a reaction of 6 to 252p  
in Thera EM. Elsewhere in the  
Electricals, 210p closed, con-  
tinued to make headway at 149p,  
up 5, but GEC ended a shade  
lower at 371p, after 375p.

Telephone Rentals responded to  
the preliminary figures with a  
gain of 4 to 205p.

The Engineering leaders con-  
tinued to make headway, but  
there were few signs of any ex-  
pansion in trading activity. GKN  
were noteworthy for a rise of 6  
to 278p, while Tubes improved 4  
to 280p and Vickers 3 further to  
127p. Elsewhere, occasional buy-  
ing interest lifted Spirex-Sares  
7 to 185p and APT 8 to 190p.

Ayrshire Metal responded to the  
increased dividend and profits  
with a rise of 5 at 74p, while  
others to improve on trading  
statements included Hawthorn  
Turbine, 11 harder at 54p, and  
Turrill 52p, after 50p, and  
put on 3 to 83p following favour-  
able Press mention.

Leading Foods usually closed  
below the best, but A.B. retained  
a gain of 5 at 95p. Elsewhere,  
Barker and Dobson put on 4 to  
18p on demand that developed  
late on Tuesday. Clifford's  
Dairies A, at 98p, relinquished

4 of the previous day's gain of  
2 which followed Unigate's re-  
jected bid.

Ladbroke put on 5 to 150p  
helped by the chairman's state-  
ment, while Comfort Hotels  
firmed 14 to 234p in response to  
the satisfactory annual results.

Solicitors Law firm  
Miscellaneous Industrial  
leaders again took heart from the  
Gilt market's strength but best  
levels were not held. Still reflect-  
ing hopes about the group's  
Zimbabwe prospects, Turner and  
Newall improved 3 more to 114p.  
Elsewhere, buying in the wake  
of the stormy annual general meet-  
ing left Solicitors' Law Stationery  
4 to the good at 27p, while  
renewed speculative support  
lifted Provincial Newspapers 2  
further to 45p and the 12 per  
cent Convertible 1986-88 10 more  
to 440p. An investment recom-  
mendation prompted improve-  
ments of 2 and 4 respectively in  
J. Birt 172p, and William  
Baird, 170p, while Scottish  
Heritable Trust hardened 2 to  
41p in response to the results.

A firm market of late following  
favourable weekend Press com-  
ment, European Agencies edged  
forward a penny further to 120p  
on news of an associate's  
property development deal in  
America. Siebe Gorman found  
support at 187p, up 10, and James  
Watson 35p, after 33p, for a rise  
of 8 at 54p. Petrochem, 22p,  
retrieved 44 of the previous day's  
fall of 74 which followed the  
annual profits setback and divid-  
end omission. By way of con-  
trast, Uniflex fell 8 to 63p on  
the disappointing preliminary  
results and Alpine cheapened a  
penny more to 92p after further  
consideration of the board's  
profits warning.

Up 12 on Tuesday as bid  
rumours gathered momentum,  
Management Agency touched  
150p before settling a net 4  
higher at 145p. Pleasurama  
picked up 6 to 142p.

Motor Distributors displayed an  
irregular appearance. T. C.  
Harrison added a couple of pence  
to 56p following the higher

annual profits and dividend, but  
Harold Perry were again sold  
and eased 6 to 132p.

The prospect of cheaper  
borrowing in the not-too-distant  
future encouraged further  
demand for Properties, but early  
gains were pared as interest sub-  
sided and left Land Securities  
just a couple of pence higher at  
20p, after 35p. Elsewhere,  
Property Partnerships touched  
200p before settling a net 7  
up at 200p on suggestions of an  
asset revaluation. Lasing Prop-  
erties attracted buyers and put on  
6 to 165p.

Oil shares continued to attract  
a considerable amount of trading  
activity, but in many cases final  
quotations were below the day's  
best. Still reflecting the Humby  
Grove drilling report, Carless  
Capel improved a fresh to 123p  
before ending a higher on balance  
at 121p, while Odebrecht 6  
firmer at 126p, after 130p. Aras  
were good at 344p, up 12, and  
Clyde advanced a fresh to 465p  
before settling at 460p for a rise  
of 35. Outside of the more specu-  
lative issues, Ultramar were out-  
standing with a gain of 28 to 654p  
on hopes that good first quarter  
figures will be announced at next  
week's annual meeting. British  
Petroleum settled without altera-  
tion at 320p, after 335p, and Shell  
at 346p, after 350p.

Reflecting the general improve-  
ment in equities, Trusts moved  
up on a broad front. Le Vallonnet  
were noteworthy for a gain of 5  
to 36p following news that the  
company has formed a new 90  
per cent owned subsidiary in  
Alberta Canada to participate in  
oil and gas exploration in North  
America. Financials were  
mercated by a rise of 15 to 185p in  
Meritable House on the  
announcement of an agreement  
in principle to acquire three sub-  
sidiary companies of J. P. Cabot  
Equity Corporation of New York.

Among Shippings, the profits  
forecast which accompanied trad-  
ing results for the eight months  
to date prompted firmness in  
Common Breds, up 10 to 300p.

Textile trended firmer, where  
after with Nottingham Man-  
ufacturing, 85p, and Lister, 51p  
both adding 4.

Profits at the top end of market  
estimates boosted Rax issues  
with both the Ordinary and

## FINANCIAL TIMES STOCK INDICES

	Apr. 30	Apr. 29	Apr. 28	Apr. 27	Apr. 26	Apr. 25	A year ago
Government Secs.	67.82	68.74	68.22	65.51	66.98	66.80	75.35
Fixed Income	67.07	68.60	68.21	68.78	67.11	67.13	77.27
Industrial	440.6	426.7	433.1	447.5	484.5	453.5	544.4
Gold Min.	501.4	996.4	304.8	338.8	308.1	307.4	154.4
Cons. Div. Yield	8.00	8.07	8.15	8.28	8.06	6.93	8.4
Earnings, Yld. % (Full)	19.86	19.71	19.57	20.25	19.59	19.6	19.6
P/E Ratio (Std. Ctr.)	8.30	8.20	8.15	8.05	8.11	8.12	8.5
Total	18,973	16,967	16,901	17,701	17,701	17,035	—
Public bargains	—	76.51	72.39	55.15	58.14	68.45	114.5
Equity bargains	—	19,407	11,831	14,941	13,382	12,161	23.5











**PROPERTY—Continued****FINANCE LAND—Continued**[illegible]

U.K.N.	22	10.15 Invest.	6	1	1
London Sd.	22	11.15	2	1	1
House of Fraser	22	11.27	2	1	1

A selection of Options traded is given on the  
London Stock Exchange Report: page

**"Recent Issues" and "Rights" Page 40**

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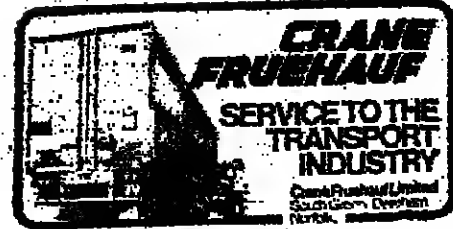
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# FINANCIAL TIMES

Thursday May 1 1980



## France will not move alone on farm prices

By Robert Mauthner in Paris

FRANCE WILL not act unilaterally to raise its farm prices following the weekend's abortive EEC summit. However, M. Jean François-Poncet, the French Foreign Minister, said yesterday it did envisage taking measures—in co-operation with other like-minded Community countries—to support its farmers if an agreement to raise EEC farm prices was not reached next week.

In a statement to the National Assembly on the Luxembourg summit, M. François-Poncet said France, firstly, would ask the Community's Agriculture Ministers next Tuesday to approve the EEC Commission proposals for farm price rises averaging 5 per cent, put forward at the summit and confirmed by the Commission yesterday.

"If the meeting, in which Britain will naturally take part, fails to reach agreement, France will consider measures to safeguard the legitimate interests of its farmers." However, he made it clear that the French Government would not act unilaterally.

Under Community rules, a member state can take national measures to support farm prices, but only if they are approved by the other members and by the European Commission.

Following the disagreement on the UK's demand for a reduction of its net contributions to the EEC budget, the French clearly do not count on co-operation from Britain. But M. Pierre Méhaignerie, the French agriculture minister, has indicated that France is exploring ways in which the agreement between Britain's eight partners on a rise of 5 per cent in farm prices can legally be

introduced without running into a British veto.

M. François-Poncet's statement to the National Assembly, in which he accused Britain of having hindered the normal working of the Community by blocking a decision on farm prices, followed a Cabinet meeting at which the consequences of the Luxembourg breakdown were discussed at length.

A communiqué issued after the meeting said no solution compatible with present Community rules could be found to Britain's demands for a reduction of its net budgetary contribution, "because of the large amount involved and its duration".

Discussion of this problem would be resumed by the EEC Council of Ministers. The French Government would demand that the agreement reached by Britain's eight partners on farm prices and a common lamb regime should be put into effect as soon as possible, the communiqué added.

President Giscard d'Estaing told the Cabinet that the European Council, grouping the heads of state and government of the member countries, was designed as a forum for taking broad EEC policy decisions and that it should resume this role, which it had lost during the recent summit discussions.

Margaret van Hattem adds from Brussels: The EEC Commission's confirmed action of its proposals to raise EEC farm prices by an average 5 per cent this year, doubling its original offer, came despite earlier indications from Mr. Roy Jenkins, Commission President, that they might be withdrawn.

Mr. Jenkins had indicated after the summit that the Commission had relaxed its stand

on prices in an attempt to resolve the budget crisis. Since this had failed, the 5 per cent proposal might no longer stand.

However, the 13 Commissioners decided at their weekly meeting yesterday to stand by the compromise. Commission officials said that, since eight countries had already accepted the offer, it would have been disruptive to withdraw the proposal.

Officials and diplomats are concerned that the French Government may force a crisis over the farm price vote. Although only a qualified majority is required, Britain could veto price rises under the so-called Luxembourg compromise whereby a member state can defend "vital national interests".

Until now, France has always upheld a country's right to define its own national interests. Should it now challenge Britain's right to do so and succeed in overriding any veto this useful device would be effectively destroyed.

Richard Evans, Lobby Editor, writes: In London yesterday, Mrs. Thatcher repeated her determination to continue fighting for a better deal for Britain from the Common Market.

The hope is that pressure to complete the negotiations at the Venice summit on June 12 and 13 will be maintained during the series of Community Council meetings this month and in early June. British Ministers are also looking to Sig. Francesco Cossiga, Prime Minister of Italy, and the current president of the European Council, to ensure that the budget issue appears on the Venice agenda.

## Oldest jobbers in merger

By Christine Mior

MEDWIN AND LOWY, the oldest firm of stockjobbers, is to cease trading on May 9. Most of the partners and the 400 staff will be absorbed by Wedd Durlacher Mordant, the largest firm of jobbers, with 385 staff.

Medwin's reasons for seeking a merger with Wedd arise, ironically, from the increased business in foreign securities which has been a feature of the market since exchange controls were abolished last October. The firm had "an inadequate capital base" to meet the demands of this level of business.

Mr. Cyril James Stephens, Medwin's senior partner, who will retain the firm as a consultant with Wedd, confirmed that Medwin's turnover had doubled since controls were lifted.

In future, he believes, there will be even more business in overseas securities, especially in North American stocks.

Medwin needed "more financial muscle" to take advantage of the new market.

Medwin has specialised in foreign securities since its establishment in 1883 to job in bonds issued by the Confederate States of America during the American Civil War.

Wedd Durlacher has been interested in expanding its foreign business since October, more particularly since new Stock Exchange rules are about to be introduced to enhance opportunities for UK firms abroad.

Hence it has welcomed the approach from Medwin, which has specialised dealing staff already conversant with North American, Canadian, Far Eastern and European stocks.

Wedd intends to take over five of the existing seven partners (two are close to retirement) and some of Medwin's staff.

## Courtaulds to shut three more mills

By Sue Cameron

THE UK-BASED Courtaulds textiles group is to shut three more Lancashire mills, with the loss of about 750 jobs.

The closures will take total cuts in Courtaulds' workforce to about 7,200 in the last 18 months. The company blamed the latest cuts on intense foreign competition, overcapacity in the European industry and the recent strength of sterling.

The three mills are Arkwright at Rochdale, Dee at Oldham and Imperial at Blackburn.

Courtaulds said yesterday the three had been working on short time for some months and all had been operating at a loss. It refused to reveal figures, but losses over the last year from the three production plants would be less than £1m.

There were no prospects of improvement and losses were expected to increase, the company said. It was therefore necessary to rationalise.

Production would be concentrated at modernised mills in the region. Courtaulds hoped it would be possible to find alternative jobs for some employees at Arkwright, Dee and Imperial.

Dee and Imperial produce

carded yarns, used for a wide range of textiles, and have 400 and 300 employees respectively. The Arkwright mill, which produces carpet yarns, is the smallest.

Courtaulds said Arkwright had been hard hit by imports of carpet yarns and finished carpets from the U.S., where Government-controlled oil and gas prices give producers cheaper raw materials than in Europe.

Closure proposals for the three mills, which all belong to Courtaulds' Northern spinning division, are being discussed with representatives of the unions concerned, including the Amalgamated Textile Workers Union. The Northern spinning division has 43 mills employing about 9,000 people.

Three other mills, employing about 700 people, were closed by Courtaulds last August and production transferred to newer sites. At the start of 1979, the group closed its acrylic yarn plant at Spennymoor with the loss of 1,560 jobs, and in November last year 2,800 employees were affected by a decision to cease production of another man-made fibre viscose filament yarn, at Red Scar in Preston.

## Continued from Page 1 UK oil

production to ease pressure on world supplies while the oil industry is confident supplies will be sufficient to meet demand this summer—even without Iranian production—it is concerned that it may have to draw down stocks seriously next winter.

The UK already exports much of its output—oil which is replaced with imported crude of heavier variety needed to balance the refinery streams. In the 12 months to the end of February exports were running at about 800,000 barrels a day. A large proportion of this North Sea production went to other EEC members.

The West German Government said yesterday the North Sea—both the UK and Norwegian sectors—was the country's most important source of oil. North Sea crude accounted for 18.1 per cent of West Germany's imports against 17.3 per cent from Saudi Arabia, 16.5 per cent from Libya and 14.7 per cent from Iran.

But West Germany, like its Continental partners, would like even more from the North Sea.

It was expected that Mr. David Howell, Energy Secretary, would make a preliminary statement about depletion policies in the next few days. But it seems this has been postponed. It is likely to be several months before the Cabinet decides on the speed of production; in the meantime it has to weigh up the economic, security and international implications of various depletion options.

Self-sufficiency is not expected to last much beyond the end of the 1980s or early 1990s. The industry has calculated that the amount of oil which could either be available for net exports or be held over to sustain self-sufficiency would total about 100m tonnes, a little more than one year's UK consumption.

How long self-sufficiency can be maintained in the 1990s will partly depend on the success of exploration in the next few years. The Government is expected to announce details of its seventh licence round today. Some oil company executives claim that if the tempo of exploration increases and if oil demand remains fairly constant, the UK could be producing enough to meet its consumption until the turn of the century.

## Weather

### UK TODAY

SUNNY INTERVALS, dry in Scotland and N. Ireland, showers in England and Wales, cold in the South and East, near-normal temperatures in North and East. Max. temperatures 11-14C (52-57F).

Outlook: Little general change.

May forecast: In the West, particularly, warm and sunny days with above-average temperatures; in the East, particularly, cool and cloudy, temperatures below average. Near-average rainfall, probably with wet spell in next fortnight.

### WORLDWIDE

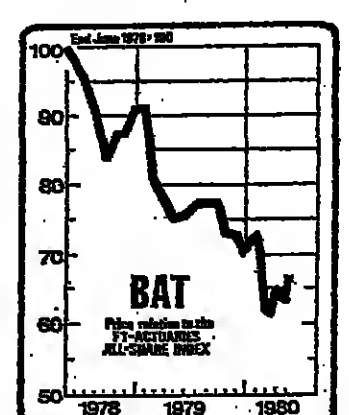
	Y'day midday	C	F		Y'day midday	C	F
Algeria	15	61	145	London	15	70	158
Amman	15	58	136	Madrid	15	50	122
Athens	15	58	136	Moscow	15	61	143
Bahia	15	58	136	Munich	15	50	122
Bangkok	15	58	136	Nairobi	15	50	122
Bombay	15	58	136	Paris	15	50	122
Buenos Aires	15	58	136	Rome	15	50	122
Calcutta	15	58	136	Singapore	15	50	122
Cairo	15	58	136	Tokyo	15	50	122
Canton	15	58	136	Yokohama	15	50	122
Cebu	15	58	136				
Colon	15	58	136				
Hankow	15	58	136				
Hong Kong	15	58	136				
Kobe	15	58	136				
London	15	70	158				
Lyons	15	58	136				
Manila	15	58	136				
Medan	15	58	136				
Meppen	15	58	136				
Moscow	15	61	143				
Munich	15	50	122				
Nairobi	15	50	122				
Paris	15	50	122				
Rome	15	50	122				
Singapore	15	50	122				
Tokyo	15	50	122				
Yokohama	15	50	122				

C-Cloudy, F-Fair, Fo-Fog, R-Rain, S-Sunny, Si-Sleet, Sn-Snow.

## THE LEX COLUMN

# Bundesbank spoils the party

Index rose 3.7 to 440.4



The International interest rate party was still in full swing yesterday morning, with euro-dollar rates heading slightly downwards and bonds moving higher. But there was an abrupt shock at lunchtime as the Bundesbank meeting in Frankfurt raised German official rates—in the case of the Lombard rate by a full point to 9½ per cent.

The Bundesbank is not going to be popular, either in Washington or in Frankfurt, itself, where the Germans like anyone else have been pulling into bonds. The dollar has been under severe pressure in the last few days, since U.S. interest rates began to fall, and the German tightening can only make matters worse. But the Bundesbank is unhappy about the strong rise in German bank lending, which has been pushing the money supply ahead briskly despite the outflows in March, and it can argue convincingly that its German economy—for which it expects 3 per cent growth this year—is a long way behind the U.S. in cyclical terms.

The German move may bring some reality back to an international banking system which has become intoxicated by the headlong fall in dollar interest rates; during April the three-month Eurodollar deposit rate has fallen from over 20 per cent to 13½ per cent last night. Sterling rates have fallen much less rapidly, but even so the pound has fallen by 2 per cent on a trade-weighted basis since Monday morning.

### BAT Industries

In connection with its change of year end from September to December, BATs has produced figures for the 15 months to December 1979, as well as the calendar year figures which will now be the basis of comparison. Whereas pre-tax profits in the year to September were modestly down on 1977-78, in calendar 1979 there was a rise from £435m to £443m, and there does seem to have been a fairly strong last quarter. It is possible to extract final quarter figures of £132m against £117m from BATs' information, but these are struck at late 1979 exchange rates and therefore understate Brazilian profits in 1978 and give a flattering idea of the underlying improvement.

The last quarter certainly benefited from an excellent Christmas in the U.S. retailing businesses. In the UK, at the trading level at least, international Stores turned round by

nearly £7m into microscopic profits; BATs is confident that the acquisitions of Macfarms, which it sees largely as a property deal, will give it a better mix of sites.

Disappointingly, BATs is still losing share in the U.S. tobacco market, where it has yet to find a widely accepted low tar brand. Brazilian cigarette volume has also been under pressure and margins on the export business from the UK are well down. Demand on the paper and packaging side is beginning to slip and overall 1980 profits, after a considerably higher net interest charge now that BATs has spent much of its UK cash, are unlikely to show a dramatic improvement over 1979.

Still, sterling was trembling a little yesterday and BATs dividend-paying capacity is formidable. Even after an 18p rise to 245p, the shares yield prospective 1½ per cent and stand on only 3½ times stated earnings, where they should not seriously damage the health of a portfolio.

### Discount houses

In the money market conditions change quickly and his discount houses can look back on an excellent month of April, with three-month interest rates, for instance, down by around 1½ points and very useful gains in gilt-edged where the houses have been rapidly rebuilding their portfolios. The return of more prosperous times has taken much of the sting from the £1.1m loss reported yesterday by the second largest house Gerrard and National, and the more modest £50,000 deficit of Jessel Toynebee. Both are confident enough to raise their dividends sharply, in obvious contrast to the missed final of

Clive Discount after its serious losses last week. All of these houses have been slipped, however, by Smith St. Aubyn which shows a clear net profit of £1.1m for the same year to April 5.

The testing conditions of the past 12 months have produced widely different performances among the discount houses. Jessel, for instance, was already showing a loss after six months so must have held its own from October onwards. In contrast, Gerrard was indicating good profits at half-time but was badly caught by rising interest rates in October and November. Smith seems to have kept its head down all the way and has come through better than any other house except, perhaps, the sector leader Union Discount.

This year caution could well be the wrong policy in the money market and the important point for a house like Gerrard is that its losses have not been large enough to erode its capital resources at all seriously. In fact, allowing for the capital profit on the sale of Astley and Pierce its £3m fall in disclosed shareholders' funds is partly offset by a rise of perhaps £1.5m in inner reserves. So it retains a relatively high rating on a yield of 7.6 per cent, though Smith may well wonder why, after such a good showing, its shares are ranked alongside Jessel and Alexanders on yields roughly two points higher.

### LASMO

The timing of the seventh round of offshore oil exploration licences—which is likely to be announced today—could hardly have been bettered as far as LASMO is concerned. The cash flow from Ninian operations in the current year should be in the region of £7m, allowing the company to wipe out the £48.7m of term loans in the balance-sheet—published yesterday—in plenty of time to deal with the £75m of loan stock between next year and 1983.

So if, as seems likely, the company achieves its aim of picking up blocks in which it has a sizeable and even an operating interest in the round, it could be substantially unencumbered by the time cash for a full development programme is required. Even taking into account the potential T-block obligations, which will be financed within Ninian cash flow, the group should be in a position to avoid farming out if it is lucky enough to encounter a substantial new field. A market capitalisation of £412m, making it the 29th largest UK-quoted company, puts the problem of raising finance firmly into the past.

## Attack on proposed union curbs

By Christian Tyler, Labour Editor

THE GOVERNMENT is in danger of making trades unions "outlaws" by the measures contained in its Employment Bill, the Commons Select Committee on Employment was told yesterday.

TUC leaders told the committee that unions would be forced to defend workers who fell foul of the law and that traditional rights removed by the legislation would be fought for by traditional means, including industrial action where necessary.

Asked whether the unions would obey the new law, Mr. Harry Urwin, deputy general secretary of the Transport and General Workers' Union and chairman of the TUC's employment policy and organisation committee, said the TUC would be waiting until the Act was finalised.

Mr. Urwin was pressed by Conservative Right-wingers to confirm the illegality of the TUC's May 14 Day of Action and to confess that the TUC was looking for legal protection for unions but not employers. He defended what he called the right of workers "to demonstrate in free society" by withdrawing their labour.

The TUC voluntary guidelines on picketing would be withdrawn if the Government persisted in enacting the legislation as presently outlined, he added.

## Loans to Hunts will ease silver sales

By John Makinson in New York

MR. PAUL VOLCKER, chairman of the Federal Reserve Board, told a Congressional hearing yesterday that loans being negotiated for the Hunt brothers of Texas would be used to enable their silver holdings to be sold in an orderly fashion.

He also told the sub-committee for commerce, consumer and monetary affairs that the loans, estimated at about \$1bn, would contain safeguards to prevent the funds being used for further speculative silver purchases by the Hunts.

The brothers, Nelson Bunker and W. Herbert, suffered enormous losses from silver speculation when prices collapsed last month.

The loans being negotiated, would be paid to Placid Oil, a Hunt family company with considerable oil and gas assets. Mr. Volcker did not elaborate on how so much silver would be sold without disturbing the

market. Federal Reserve officials suggested that Placid would use the loans to buy silver from the Hunts and then sell the metal more slowly through third parties.

The Hunt brothers' losses had a widespread impact on U.S. financial institutions. The financial security of several U.S. brokerage houses was impaired by the Hunts' inability to meet commitments. Mr. Volcker estimated the total exposure of brokerage houses arising from the Hunts' difficulties was between \$500m and \$600m. This is made up of both loans and obligations on silver contracts which the Hunts have out yet met.

Mr. Volcker told the hearing that U.S. banks might be owed between \$100m and \$200m by the brothers while foreign banks also have a high degree of exposure.

## Sweden faces general strike

By William Dullforce, Nordic Editor, in Stockholm

SWEDEN'S blue collar trade union federation, the LO, yesterday rejected a 2.5 per cent "final" pay offer from the government appointed mediators and opening the way for the outbreak tomorrow of the biggest labour conflict in the country's history.

From midnight tonight, 19 unions will bring out some 100,000 workers on strikes in most sectors of Swedish industry.

The Swedish employers association SAF will retaliate by locking out about 770,000 workers for five days from Friday.

The unions are then expected to escalate the conflict by calling on all workers affected by the lock-out. Altogether between 500,000 and 1m employees are expected to be affected.

A strike by 14,000 key state and local authority officials, which started last Friday, has already halted all airline traffic

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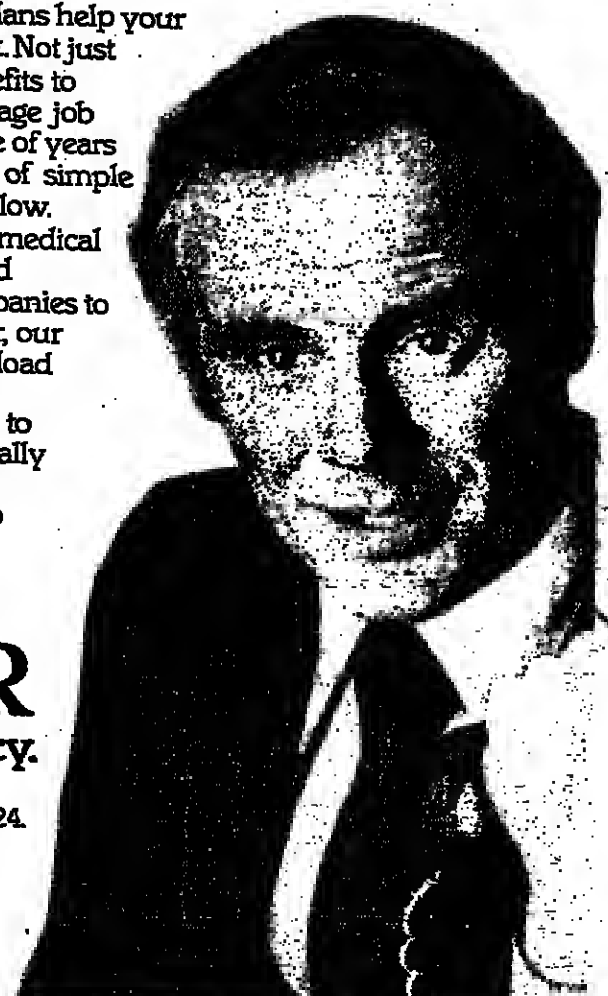
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